

**KNOWLEDGE A TO Z ACADEMY
CHARTER SCHOOL, INC.
Camden, New Jersey**

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

For the Fiscal Year Ended June 30, 2015

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

of the

**Knowledge A to Z Academy Charter School, Inc.
Board of Trustees**

Camden, New Jersey

For the Fiscal Year Ended June 30, 2015

Prepared by

Knowledge A to Z Academy Charter School, Inc. Board of Trustees

Finance Department

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INTRODUCTORY SECTION

KNOWLEDGE A TO Z ACADEMY CHARTER SCHOOL, INC.

1725 Park Blvd
Camden, NJ 08103

Tishara Landi
Lead Person
Telephone: (856) 856-375-1140

Richelle Baughn
Business Administrator/
Board Secretary

November 27, 2015

Members of the Board of Trustees
Knowledge A to Z Academy Charter School, Inc.
County of Camden
1725 Park Blvd
Camden, NJ 08103

Dear Board Members,

The comprehensive annual financial report of Knowledge A to Z Academy Charter School, Inc. for the second fiscal year of operations ended June 30, 2015, is hereby submitted. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of Knowledge A to Z Academy Charter School, Inc. To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the final position and results of operations of the various funds of the Charter School. All disclosures necessary to enable the reader to gain an understanding of the Charter School's financial activities have been included.

The comprehensive annual financial report is presented in four sections as follows:

- The introductory section includes this transmittal letter, the Charter School's organizational chart and a list of principal officials.
- The financial section includes the basic financial statements and schedules, as well as the auditor's report thereon.
- The statistical section includes the first fiscal year of unaudited data.
- The charter school is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act of 1996 and the U.S. Office of Management Budget Circular A-133, "Audits of States, Local Governments and Non-profit Organizations", and the New Jersey OMB circular letter 04-04 OMB, "Single Audit Policy for recipients of federal grants, State grants and state aid payments". Information related to this single audit, including the auditor's report on internal control and compliance with applicable laws and regulations and findings and recommendations, are included in the single audit section of this report.

1. REPORTING ENTITY AND ITS SERVICES:

Knowledge A to Z Academy Charter School, Inc. is an independent reporting entity within the criteria adopted by the Government Standards Board (GASB) as established by GASB Statement No.14. All funds of the Charter School are included in this report. Knowledge A to Z Academy Charter School, Inc.'s Board of Trustees and its school constitute the Charter School's reporting entity.

Knowledge A to Z Academy Charter School, Inc. is responsible for providing a thorough and efficient educational system for students in grades taught at the two schools maintained. The Charter School completed the 2014-2015 fiscal year with an enrollment of 150 elementary school students at the Parkside location, which is up from 149, and 90 elementary school students at the Rosedale location, which is the same as the prior year.

2. ECONOMIC CONDITION AND OUTLOOK:

While the City of Camden area is a large urban community in Camden County and presently considered to possess a stagnant economy, a significant development of the riverfront area is currently in the planning and approval stage. The city is experiencing unemployment and underemployment, which appears to be common in other urban areas around the state.

Initiatives

The charter school has developed a comprehensive strategic plan to support its mission and vision and serve as a blueprint for the achievement of its goals. The plan includes objectives such as pupil achievement, staff development and technology in the classroom.

3. INTERNAL ACCOUNTING CONTROLS:

Management of the Charter School is responsible for establishing and maintaining internal control designed to ensure that the assets of the Charter School are protected from loss, theft or misuse and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles (GAAP). Internal control is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by management.

As a recipient of federal awards and state financial assistance, the Charter School also is responsible for ensuring that adequate internal controls are in place to ensure compliance with applicable laws and regulations related to those programs. Internal control is also subject to periodic evaluation by the Charter School management.

As part of the Charter School's single audit described earlier, tests are made to determine the adequacy of internal control, including that portion related to federal awards and state financial assistance programs, as well as to determine that the Charter School has complied with applicable laws and regulations.

4. BUDGETARY CONTROLS:

In addition to internal accounting controls, the Charter School maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget. Annual appropriated budgets are adopted for the general fund and the special revenue fund. The final budget amount as amended for the fiscal year is reflected in the financial section.

An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at year-end are either canceled or are included as reappropriations of fund balance in the subsequent year. Those amounts to be reappropriated are reported as reservations of fund balance at June 30, 2015.

5. ACCOUNTING SYSTEM AND REPORTS:

The Charter School's accounting records reflect generally accepted accounting principles, as promulgated by the Governmental Accounting Standards Board (GASB). The accounting system of the Charter School is organized on the basis of funds. These funds are explained in "Notes to the Financial Statements," Note 2.

6. RISK MANAGEMENT:

The Board carries various forms of insurance, including but not limited to general liability, automobile liability and comprehensive/collision, hazard and theft insurance on property and contents, and fidelity bonds.

7. OTHER INFORMATION:

Independent Audit - State statutes require an annual audit by independent certified public accountants or registered municipal accountants. Raymond Colavita, C.P.A., R.M.A. of the accounting firm of Nightlinger, Colavita and Volpa, PA, was selected by the Board's Audit Committee. In addition to meeting the requirements set forth in state statutes, the audit also was designed to meet the requirements of the Single Audit Act amendment of 1996 and the related OMB Circular A-133 and state Treasury Circular Letter 04-04 OMB. The auditor's report on the basic financial statements and combining and individual fund statements and schedules is included in the financial section of this report. The auditor's reports related specifically to the single audit are included in the single audit section of this report.

8. ACKNOWLEDGMENTS:

We would like to express our appreciation to the members of Knowledge A to Z Academy Charter School, Inc.'s Board of Trustees for their concern in providing fiscal accountability to the community and contributing their full support to the development and maintenance of our financial operation. The preparation of this report could not have been accomplished without the efficient and dedicated services of our financial and accounting staff.

Respectfully submitted,



Tishara Landi
Lead Person



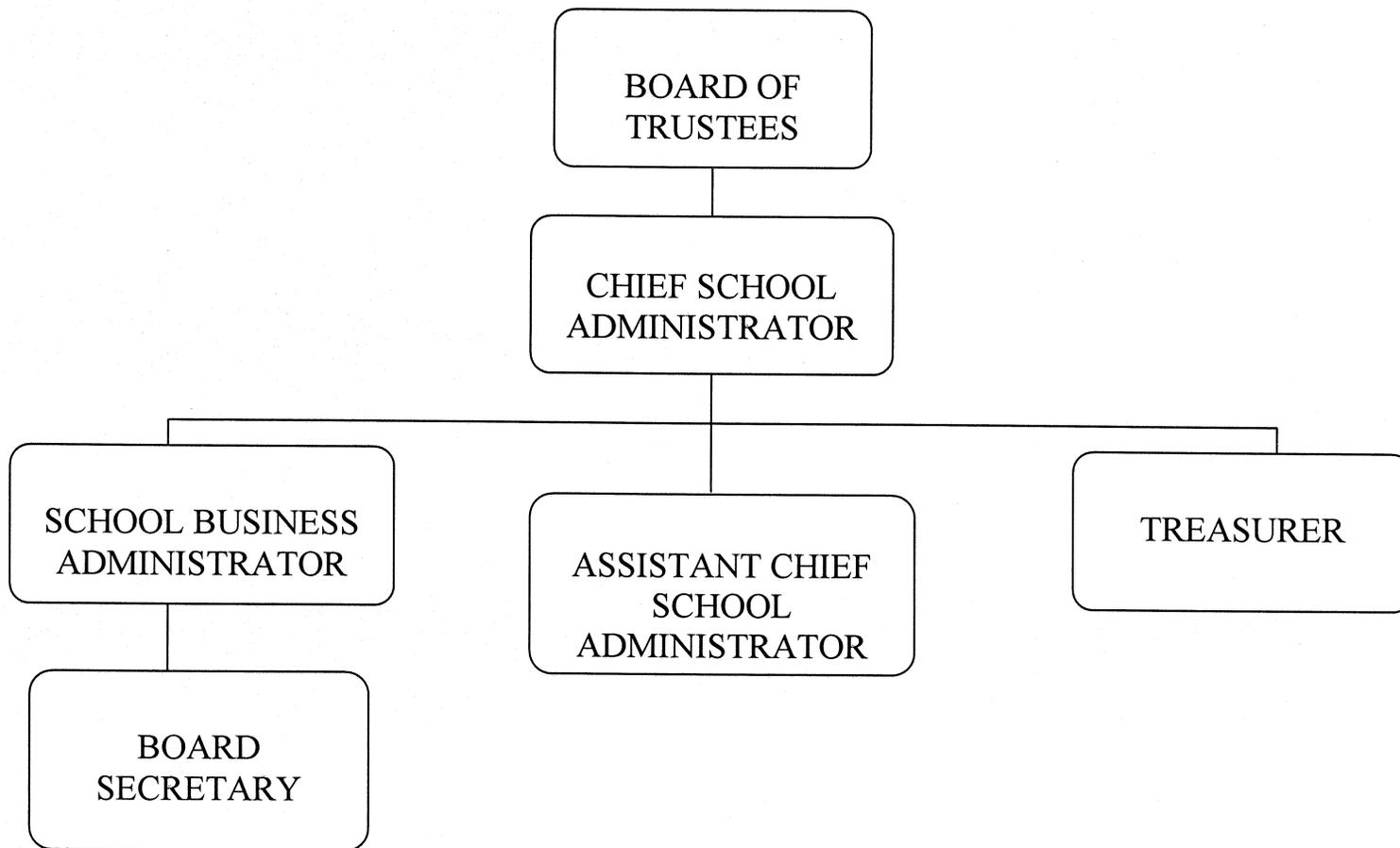
Richelle Baughn
Business Administrator

Knowledge A to Z Academy Charter School, Inc.

Camden, New Jersey

Camden County

(UNIT CONTROL)



KNOWLEDGE A TO Z CHARTER SCHOOL, INC.
CAMDEN, NEW JERSEY

ROSTER OF OFFICIALS

JUNE 30, 2015

<u>MEMBERS OF THE BOARD OF TRUSTEES</u>	<u>TERM EXPIRES</u>
Zulma Lombardo, President	2017
Brian Kowalski, Vice President	2017
Rut Lopez	2016
Aleta Gibson	2016
Kelvin Pena	2017
Dayna Hinson	2017
Chelsea Dalsey	2017

<u>OTHER OFFICIALS</u>	<u>AMOUNT OF BOND</u>
Tishara Landi, Lead Person	
Richelle Baughn, Business Administrator/Board Secretary	\$ 50,000
Jeannie Scott, Treasurer of School Monies	250,000

KNOWLEDGE A TO Z ACADEMY CHARTER SCHOOL, INC.
CONSULTANTS AND ADVISORS

AUDIT FIRM

Raymond Colavita, C.P.A., R.M.A.
Nightlinger, Colavita and Volpa, P.A.
Certified Public Accountants
991 S. Black Horse Pike
Post Office Box 799
Williamstown, NJ 08094

ATTORNEY

Ms. Jane B. Capasso
Attorney-at-Law
Lipman, Antonelli, Batt, Gibson, Malestein, Rothman, & Capasso
110 North Sixth Street/ P. O. Box 729
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OFFICIAL DEPOSITORY

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501 Mickle Blvd.
Camden, New Jersey 08103

FINANCIAL SECTION

NIGHTLINGER, COLAVITA & VOLPA

A Professional Association

Certified Public Accountants

991 S. Black Horse Pike
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Williamstown, NJ 08094

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Fax (856) 728-2245
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November 27, 2015

INDEPENDENT AUDITOR'S REPORT

The Members of the Board of Trustees
Knowledge A to Z Academy Charter School, Inc.
County of Camden
1725 Park Blvd
Camden, NJ 08103

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Board of Trustees of Knowledge A to Z Academy Charter School, Inc. in the County of Camden, State of New Jersey, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the Charter School's basic financial statements, as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall financial statement presentation.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of Knowledge A to Z Academy Charter School, Inc. Board of Trustees, in the County of Camden, State of New Jersey, as of June 30, 2015, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

The Management Discussion and Analysis and Budgetary Comparison Information on pages 11 through 18 and 51 through 55 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Knowledge A to Z Academy Charter School, Inc., Board of Trustees financial statements as a whole. The accompanying introductory section and other supplementary information such as the combining and individual fund financial statements, and statistical section are presented for purposes of additional analysis and are not a required part of the financial statements. The accompanying schedules of expenditures of federal awards and state financial assistance are presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit organizations*; and New Jersey OMB's Circular 04-04 and/or 15-08, *Single Audit Policy For Recipients of Federal Grants, State Grants and State Aid*, and are not a required part of the financial statements. The accompanying combining statements and related major fund supporting statements and schedules and schedules of expenditures of federal awards and state financial assistance are the responsibility of management and were derived from and related directly to the underlying accounting and other records used to prepare the financial statements.

The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the accompanying combining and related major fund supporting statements and schedules and schedules of expenditures of federal awards and state financial assistance are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 27, 2015 on our consideration of Knowledge A to Z Academy Charter School Inc., Board of Trustees internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Respectfully submitted,

NIGHTLINGER, COLAVITA & VOLPA, PA



Raymond Colavita, C.P.A., R.M.A.
Licensed Public School Accountant
No. 915

REQUIRED SUPPLEMENTARY INFORMATION – PART I

KNOWLEDGE A TO Z ACADEMY CHARTER SCHOOL, INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

UNAUDITED

The discussion and analysis of Knowledge A to Z Academy Charter School, Inc's financial performance provides an overall review of the School's financial activities for this second fiscal year of operations ended June 30, 2015. The intent of this discussion and analysis is to look at the School's financial performance as a whole; readers should also review the notes to the basic financial statements and financial statements to enhance their understanding of the School's financial performance.

Financial Highlights

Key financial highlights for 2015 are as follows:

- ❖ The 2015 school year was the second year of operations and educated students from Kindergarten through Fourth Grade.
- ❖ Total revenues of the school were \$5,192,468, of which general revenues accounted for \$3,879,138 or 74.7% of all revenues. Program specific revenues in the form of charges for services, operating grants, contributions, and capital grants accounted for \$1,313,330 or 25.3% of all Revenues.
- ❖ Total net position of governmental activities, as of the end of the second year was \$1,002,310.
- ❖ The School had \$4,723,246 in total expenses, of which only \$1,313,330 of these expenses was offset by program specific charges for services, grants or contributions. General revenues (primarily state and federal aid) were adequate to provide for these programs.
- ❖ The General Fund had \$4,550,239 in revenues, \$4,064,494 in expenditures and a transfer to the Food Service Fund in the amount of \$12,998. The General Fund's balance as of the end of this third year of operations was \$1,002,310, which was an increase of \$472,747 over the prior year. This operating result was anticipated by the Board of Trustees.

Using this Comprehensive Annual Financial Report (CAFR)

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand Knowledge A to Z Academy Charter School, Inc as a financial whole, an entire operating entity. The statements then proceed to provide an increasingly detailed look at specific financial activities.

The Statement of Net Position and Statement of Activities provide information about the activities of the whole School, presenting both an aggregate view of the School's finances and a longer-term view of those finances. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. In the case of The Knowledge A to Z Academy Charter School, the General Fund is by far the most significant fund.

Reporting the School as a Whole

Statement of Net Position and the Statement of Activities

While this document contains the large number of funds used by the School to provide programs and activities, the view of the School as a whole looks at all financial transactions and asks the question, "How did we do financially during 2015?" The Statement of Net Position and the Statement of Activities helps answer this question. These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting takes into account, all of the current year's revenues and expenses regardless of when cash is received or paid.

These two statements report the School's net position and changes in those assets. This change in net position is important because it tells the reader that, for the School as a whole, the financial positions of the School has improved or diminished. The causes of this change may be the result of many factors, some financial, and some not. Non-financial factors include the property tax base of the School's resident districts, current laws in New Jersey concerning revenue growth, facility condition, required educational programs and other factors.

In the Statement of Net Position and the Statement of Activities, the School is divided into two distinct kinds of activities:

- ❖ **Governmental Activities** – All of the School's programs and services are reported here including, but not limited to, instruction, support services, operation and maintenance of plant facilities, pupil transportation and extracurricular activities.
- ❖ **Business – Type Activities** – This service is provided on a charge for goods or services basis to recover all the expense of the goods or services provided. The Food Service and Before and After Care enterprise funds are reported as business activity.

Reporting the School's Most Significant Funds

Fund Financial Statements

The analysis of the School's major (all) funds begins on page 21. Fund financial reports provide detailed information about the School's major funds. The School uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the School's most significant funds. The School's major governmental funds are the General Fund and Special Revenue Fund.

Governmental Funds

The School's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in the future years. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the School's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance educational programs. The relationship (or differences) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds is reconciled in the financial statements.

Enterprise Fund

The enterprise fund uses the same basis of accounting as business-type activities; therefore these statements are essentially the same.

The School as a Whole

Recall that the Statement of Net Position provides the perspective of the School as a whole.

Table 1 provides a summary of the School's Net Position for the years ended 2015 and 2014 in accordance with GASB Statement 34. The following net position comparisons are for the first two years of operations.

Table 1
Net Position

	<u>2015</u>	<u>2014</u>
Assets		
Current and other assets	\$ 825,654	\$ 644,246
Receivables, net	319,809	235,377
Total Assets	<u>1,145,463</u>	<u>879,623</u>
Liabilities		
Other Liabilities	143,153	346,535
Long-term liabilities		
Total Liabilities	<u>143,153</u>	<u>346,535</u>
Net Position		
Restricted	683,517	324,081
Unrestricted	318,793	209,007
Total Net Position	<u>\$ 1,002,310</u>	<u>\$ 533,088</u>

Table 2 shows the changes in Net Position from fiscal years 2015 and 2014, in accordance with GASB Statement 34. The following comparison of changes in net position represents data for the first two years of operations.

Table 2
Changes in Net Position

	2015	2014
Revenues		
Programs Revenues		
Charges for Services	\$ 440	\$ 6,836
Operating Grants and Contributions	1,312,890	503,320
General Revenues		
Property Taxes	255,496	166,512
Grants and Entitlements	3,593,657	3,191,454
Other	29,985	54,593
Total Revenues	5,192,468	3,922,715
Program Expenses		
Instruction	2,231,612	1,853,044
Support Services		
School Administration	594,505	480,141
General Administration	1,004,290	794,137
Employee Benefits	679,356	454,811
Food Service	213,483	153,086
Total Expenses	4,723,246	3,735,219
Increase in Net Position	\$ 469,222	\$ 187,496

Governmental Activities

The School's total revenue for the fiscal year ended June 30, 2015 was \$5,192,468, of which net governmental revenues were \$3,879,138. As a charter school, voter approval for the School operations is not required in New Jersey. Property taxes made up 6.6 % percent of revenues for governmental activities of Knowledge A to Z Academy Charter School, Inc. for fiscal year 2015. Federal, state and local grants accounted for another 92.6% and miscellaneous revenue accounted for .08%. The school's total expenses for governmental activities were \$3,393,393, of which the net cost of all governmental instructional programs and services was \$1,982,048. Instruction comprises 58.4% of school expenses.

Business-Type Activities

Revenues for the School’s business-type activities (food service program and extended day program) were comprised of charges for services and federal and state reimbursements.

- ❖ Food service expenses exceeded revenue by \$16,523. Charges paid by patrons for daily food services were \$440. This represents .22 % of the \$196,960 in total revenue.
- ❖ Federal and state reimbursements for meals, including payments for free and reduced lunches and donated commodities were \$196,520.

Governmental Activities

The Statement of Activities shows the cost of program services and the charges for services and grants offsetting those services. Table 3 shows the total cost of services and the net cost of services. The net cost shows the financial burden that was placed on the School’s resident district taxpayers by each of these functions.

Table 3

	<u>Total Cost of Services 2015</u>	<u>Net Cost of Services 2015</u>	<u>Total Cost of Services 2014</u>	<u>Net Cost of Services 2014</u>
Instruction	\$ 2,231,612	\$ 1,982,048	\$ 1,853,044	\$ 1,627,152
Support services				
School Administrative Services	594,505	398,800	480,141	352,488
General administration, school administration, business	1,004,290	1,004,290	794,137	794,137
Employee Benefits	679,356	8,255	454,811	454,811
Total Expenses	<u>\$ 4,509,763</u>	<u>\$ 3,393,393</u>	<u>\$ 3,582,133</u>	<u>\$ 3,228,588</u>

Instruction expenses include activities directly dealing with the teaching of pupils and the interaction between teacher and student, including extracurricular activities.

Pupils and instructional staff include the activities involved with assisting staff with the content and process of teaching to students, including curriculum and staff development.

General administration, school administration and business include expenses associated with administrative and financial supervision of the School.

Operation and maintenance of facilities activities involve keeping the school grounds, buildings and equipment in an effective working condition.

Curriculum and staff development includes expenses related to planning, research, development and evaluation of support services, as well as the reporting of this information internally and to the public.

Pupil transportation includes activities involved with the conveyance of students to and from school, as well as to and from school activities, as provided by state law.

Extracurricular activities includes expenses related to student activities provided by the School which are designated to provide opportunities for students to participate in school events, public events, or a combination of these for the purposes of motivation, enjoyment and skill improvement.

Interest and fiscal charges involve the transactions associated with the payment of interest and other related charges to liabilities of the School.

Other will include unallocated depreciation and amortization, when appropriate.

The School's Funds

Information about the School's major funds starts on page 21. These funds are accounted for using the modified accrual basis of accounting. All governmental funds (i.e., general and special revenue funds presented in the fund-based statements) had total revenues of \$4,995,508 and expenditures of \$4,509,763. The net positive/negative change in fund balance for this initial school year was in the General Fund, an increase of \$485,745. This result shows that the School is able to meet current operating costs with no urgent need for additional funds.

As demonstrated by the various statements and schedules included in the financial section of this report, the School continues to meet its responsibility for sound financial management. The following schedules present a summary of the revenues of the governmental funds (excluding capital projects) for the fiscal year ended June 30, 2015, and the amount and percentage of increases and decreases in relation to prior year revenues.

<u>Revenue</u>	<u>Amount</u>	<u>Percent of Total</u>	<u>Increase/ (Decrease) from 2014</u>	<u>Percent Increase (Decrease)</u>
Local Sources	\$ 285,481	6%	64,376	50%
State Sources	4,264,758	85%	1,073,304	43%
Federal Sources	445,269	9%	91,724	59%
Total	\$ 4,995,508	100%	1,229,404	44%

The increase in Local Sources revenue is attributed to the local tax levy of \$88,984 offset by a decrease in miscellaneous income of \$24,608.

The increase in State Sources is \$1,073,304 made up of \$1,013,645 in Equalization Aid, \$11,954 Special education Aid, \$42,141 in Security Aid and \$5,564 in on-behalf social security reimbursement.

The increase in Federal Sources represents various grant awards for instruction and support.

The following schedule presents a summary of general fund and special revenue fund expenditures for the fiscal years ended June 30, 2014 and 2015.

<u>Expenditures</u>	<u>Amount</u>	<u>Percent of Total</u>	<u>Increase/ (Decrease from 2014</u>	<u>Percent Increase (Decrease)</u>
Current:				
Instruction	\$ 2,231,612	49.5%	378,568	31%
School Administrative Expenses	594,505	13.2%	114,364	32%
General Administrative Expenses	1,004,290	22.3%	210,153	25%
Employee Benefits	679,356	15.0%	224,545	100%
Total	<u>\$ 4,509,763</u>	<u>100.0%</u>	<u>927,630</u>	<u>38%</u>

The increase in Instructional expense is attributed to the increase in enrollment.

The increase in School Administrative support expenses were also attributed to the increase in enrollment.

The decrease in Other Administrative support expenses was attributed to a reduction in start-up costs.

The 2014-15 school year was the third year for breaking out employee benefits.

There were no capital outlay expenditures for equipment purchases or leasehold improvements during the 2014-15 school-year.

General Fund Budgeting Highlights

The School's Budget is prepared according to New Jersey law, and is based on accounting for certain transactions on a basis of modified accrual and encumbrance accounting. The most significant budgeted fund is the General Fund.

During the course of the fiscal year 2015, the School amended its General Fund budget as needed. The School uses program based budgeting and the budgeting systems are designed to tightly control total program budgets but provide flexibility for program management.

- ❖ Staffing based on student needs.
- ❖ Costs for student transportation both in regular education and special education.
- ❖ Costs for maintenance and operations
- ❖ Changes in appropriations to prevent budget overruns.

While the School's final budget for the general fund anticipated that revenues and expenditures would roughly equal, the actual results for the year show an excess of \$472,747 in revenue over expenditures.

- ❖ Actual revenues were \$353,119 more than expected, which includes the on-behalf social security reimbursement of \$152,016.
- ❖ The actual expenditures were lower than expected in various line items in the total amount of \$614,717, including on-behalf social security reimbursement of \$152,016.
- ❖ During the 2014-15 school year there were transfers to the Food Service Enterprise fund in the amount of \$12,998.

For the Future

Knowledge A to Z Academy Charter School, Inc. is presently in good financial condition. Continuation of the optimum and expanded enrollment in the School will provide future financial stability. However, future finances are not without challenges as the school makes monthly lease payments on building space, as well as acquiring the tools necessary to provide the best possible educational programs for the students.

The Rosedale Campus increased from 90 to 160 students in the 2014-15 school year, through the addition of classroom space.

The Parkside Campus also expanded from 150 students to 160 in the 2014-15 school year.

As a charter school, it is a concern of the Board of Trustees of the School as to how future budgets would be financed. The administrator also closely monitors instructional as well as support and administrative costs of the School.

In conclusion, Knowledge A to Z Academy Charter School, Inc. continues to be committed to sound financial planning, budgeting, and internal financial controls in order to meet the challenges of the future.

We all mourn the loss of Lewis Katz and Marcella Dalsey, who were the driving force behind the creation of the Knowledge A to Z Academy Charter School. There is a genuine and strong commitment of all individuals associated with the school to continue the mission of providing a safe, vibrant and quality elementary education to children in the City of Camden New Jersey.

Contacting the School's Financial Management

This financial report is designed to provide our citizens, taxpayers and oversight entities with a general overview of the School's finances and to show the School's accountability for the money it receives. If you have questions about this report or need additional information please contact Richelle Baughn, Business Administrator/Board Secretary at Knowledge A to Z Academy Charter School, Inc. at 1725 Park Blvd, Camden, New Jersey 08103.

BASIC FINANCIAL STATEMENTS

DISTRICT - WIDE FINANCIAL STATEMENTS

The Statement of Net Position and the Statement of Activities display information about the School. These statements include the financial activities of the overall School, except for fiduciary activities. Eliminations have been made to minimize the double-counting of internal activities. These statements distinguish between the governmental and business-type activities of the School.

KNOWLEDGE A TO Z ACADEMY CHARTER SCHOOL, INC.
STATEMENT OF NET POSITION
JUNE 30, 2015

	<u>Governmental</u> <u>Activities</u>	<u>Business-type</u> <u>Activities</u>	<u>Total</u>
ASSETS			
Cash and Cash Equivalents	\$ 802,764	\$ 22,890	\$ 825,654
Receivables, Net	262,846	56,963	319,809
Total Assets	<u>1,065,610</u>	<u>79,853</u>	<u>1,145,463</u>
LIABILITIES			
Accounts Payable	45,329		45,329
Interfund Payable	1,317		1,317
Due to Other Governments	16,654	79,853	96,507
Total Liabilities	<u>63,300</u>	<u>79,853</u>	<u>143,153</u>
NET POSITION			
Restricted:			
Escrow	75,000		75,000
Capital Reserve	457,598		457,598
Unrestricted	469,712		469,712
Total Net Position	<u>\$ 1,002,310</u>	<u>\$ -</u>	<u>\$ 1,002,310</u>

The accompanying Notes to Financial Statements are an integral part of this statement.

**KNOWLEDGE A TO Z ACADEMY CHARTER SCHOOL, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2015**

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		<u>Net (Expense) Revenue and Changes in Net Position</u>		
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Governmental Activities</u>	<u>Business- type Activities</u>	<u>Total</u>
Governmental Activities:						
Instruction:						
Regular	\$ 2,231,612	\$	\$ 249,564	\$ (1,982,048)	\$	\$ (1,982,048)
Support Services:						
School Administrative Services	594,505		195,705	(398,800)		(398,800)
General and Business Administrative Services	1,004,290			(1,004,290)		(1,004,290)
Employee Benefits	679,356		671,101	(8,255)		(8,255)
Total Governmental Activities	4,509,763		1,116,370	(3,393,393)		(3,393,393)
Business-type Activities:						
Food Service	213,483	440	196,520		(16,523)	(16,523)
Total Business-type Activities	213,483	440	196,520		(16,523)	(16,523)
Total Primary Government	\$ 4,723,246	\$ 440	\$ 1,312,890	\$ (3,393,393)	\$ (16,523)	\$ (3,409,916)
General Revenues:						
Taxes:						
Property Taxes, Levied for General Purposes, net				\$ 255,496	\$	\$ 255,496
Federal and State Aid Not Restricted				3,593,657		3,593,657
Miscellaneous Income				29,985		29,985
Transfers				(12,998)	12,998	
Total General Revenues, Special Items, Extraordinary Items and Transfers				3,866,140	12,998	3,879,138
Change in Net Position				472,747	(3,525)	469,222
Net Position—Beginning				529,563	3,525	533,088
Net Position—Ending				\$ 1,002,310	\$ -	\$ 1,002,310

The accompanying Notes to Financial Statements are an integral part of this statement.

FUND FINANCIAL STATEMENTS

The Individual Fund statements and schedules present more detailed information for the individual fund in a format that segregates information by fund.

GOVERNMENTAL FUNDS

KNOWLEDGE A TO Z ACADEMY CHARTER SCHOOL, INC.

BALANCE SHEET

GOVERNMENTAL FUNDS

JUNE 30, 2015

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Total Governmental Funds</u>
ASSETS			
Cash and Cash Equivalents	\$ 818,766	\$	\$ 818,766
Interfund Receivable	216,675		216,675
Accounts Receivable			
Federal Aid Receivable		248,181	248,181
State Aid Receivable	4,352		4,352
Receivables from Local Governments	8,199		8,199
Total Assets	<u>\$ 1,047,992</u>	<u>\$ 248,181</u>	<u>\$ 1,296,173</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts Payable	\$ 11,709	\$ 33,620	\$ 45,329
Interfund Payable	17,319	214,561	231,880
Due State of New Jersey	16,654		16,654
Total Liabilities	<u>45,682</u>	<u>248,181</u>	<u>293,863</u>
Fund Balances:			
Restricted			
Escrow Account	75,000		75,000
Capital Reserve	457,598		457,598
Assigned :			
Year-End Encumbrances	150,919		150,919
Unassigned, Reported in:			
General Fund	318,793		318,793
Total Fund Balances	<u>1,002,310</u>		<u>1,002,310</u>
Total Liabilities and Fund Balances	<u>\$ 1,047,992</u>	<u>\$ 248,181</u>	

Amounts reported for *governmental activities* in the Statement of Net Position (A-1) are different because:

Net Position of Governmental Activities	\$ 1,002,310
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The accompanying Notes to Financial Statements are an integral part of this statement.

KNOWLEDGE A TO Z ACADEMY CHARTER SCHOOL, INC.
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2015

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Total Governmental Funds</u>
REVENUES			
Local Sources:			
Local Tax Levy	\$ 255,496	\$	\$ 255,496
Miscellaneous	29,985		29,985
Total - Local Sources	<u>285,481</u>		<u>285,481</u>
State Sources	4,264,758		4,264,758
Federal Sources		445,269	445,269
Total Revenues	<u>4,550,239</u>	<u>445,269</u>	<u>4,995,508</u>
EXPENDITURES			
Current:			
Regular Instruction	1,982,048	249,564	2,231,612
Support Services:			
School Administrative Services	398,800	195,705	594,505
Other Administrative Services	1,004,290		1,004,290
Employee Benefits	679,356		679,356
Total Expenditures	<u>4,064,494</u>	<u>445,269</u>	<u>4,509,763</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>485,745</u>		<u>485,745</u>
OTHER FINANCING SOURCES (USES)			
Transferred from Food Service Fund	<u>(12,998)</u>		<u>(12,998)</u>
Total Other Financing Sources and Uses	<u>(12,998)</u>		<u>(12,998)</u>
Net Change in Fund Balances	472,747		472,747
Fund Balance—July 1	529,563		529,563
Fund Balance—June 30	<u>\$ 1,002,310</u>	<u>\$</u>	<u>\$ 1,002,310</u>

The accompanying Notes to Financial Statements are an integral part of this statement.

KNOWLEDGE A TO Z ACADEMY CHARTER SCHOOL, INC.
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2015

Total Net Change in Fund Balances - Governmental Funds (from B-2) \$ 472,747

Amounts reported for governmental activities in the Statement of Activities (A-2) are different because:

In the Statement of Activities, certain operating expenses, including compensated absences, are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are reported in the amount of financial resources used (paid).

Capital outlays are reported in governmental funds as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the period.

Change in Net Position of Governmental Activities (A-2) \$ 472,747

The accompanying Notes to Financial Statements are an integral part of this statement.

PROPRIETARY FUNDS

KNOWLEDGE A TO Z ACADEMY CHARTER SCHOOL, INC.
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2015

	Business-type Activities - Enterprise Funds	
	Food Service	Totals
ASSETS		
Current Assets:		
Cash and Cash Equivalents	\$ 6,888	\$ 6,888
Accounts Receivable:		
State	802	802
Federal	56,161	56,161
Interfund Accounts Receivable	16,002	16,002
Total Current Assets	79,853	79,853
Total Assets	\$ 79,853	\$ 79,853
LIABILITIES AND NET POSITION:		
Current Liabilities:		
Intergovernmental Accounts Payable	\$ 79,853	\$ 79,853
Total Current Liabilities:	79,853	79,853
Net Position		
Unrestricted		
Total Fund Equity		
Total Liabilities and Net Position	\$ 79,853	\$ 79,853

The accompanying Notes to Financial Statements are an integral part of this statement.

KNOWLEDGE A TO Z ACADEMY CHARTER SCHOOL, INC.
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2015

	Business-type Activities Enterprise Fund	
	Food Service	Total Enterprise
Operating Revenues:		
Charges for Services:		
Daily Sales - Reimbursable Programs:	\$ 440	\$ 440
Total Operating Revenue:	440	440
Operating Expenses:		
Food Costs	204,552	204,552
Other Food Costs	8,553	8,553
Miscellaneous	378	378
Total Operating Expenses	213,483	213,483
Operating Income (Loss)	(213,043)	(213,043)
Non-operating Revenues (Expenses):		
State Sources:		
State School Lunch Program	2,615	2,615
Federal Sources:		
National School Breakfast Program	42,852	42,852
National School Lunch Program	123,168	123,168
National School Snack Program	19,332	19,332
Food Distribution Program	8,553	8,553
Total Non-operating Revenues (Expenses)	196,520	196,520
Income (Loss) before Contributions & Transfers	(16,523)	(16,523)
Transfers	12,998	12,998
Change in Net Position	(3,525)	(3,525)
Total Net Position—Beginning	3,525	3,525
Total Net Position—Ending	\$ -	\$ -

The accompanying Notes to Financial Statements are an integral part of this statement.

KNOWLEDGE A TO Z ACADEMY CHARTER SCHOOL, INC.
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2015

	Business-type Activities Enterprise Funds	
	Food Service	Total Enterprise
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from Customers	\$ 440	\$ 440
Payments to Suppliers	(233,390)	(233,390)
Net Cash Provided by (Used for) Operating Activities	(232,950)	(232,950)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
State Sources	2,615	2,615
Federal Sources	193,905	193,905
Transfer from General Fund	12,998	12,998
Net Cash Provided by (Used for) Non-capital Financing Activities	209,518	209,518
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Purchases of Capital Assets		
Net Cash Provided by (Used for) Capital and Related Financing Activities		
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest and Dividends		
Net Cash Provided by (Used for) Investing Activities		
Net Increase (Decrease) in Cash and Cash Equivalents	(23,432)	(23,432)
Balances—Beginning of Year	30,320	30,320
Balances—End of Year	\$ 6,888	\$ 6,888
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:		
Operating Income (Loss)	\$ (213,043)	\$ (213,043)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities		
(Increase)/Decrease in Accounts Receivable, Net	(31,836)	(31,836)
(Increase)/Decrease in Interfund Accounts Receivable	(12,998)	(12,998)
(Decrease)/Increase in Accounts Payable		
(Decrease)/Increase in Intergovernmental Accounts Payable	24,927	24,927
Total Adjustments	(19,907)	(19,907)
Net Cash Provided by (Used for) Operating Activities	\$ (232,950)	\$ (232,950)

Noncash Noncapital Financing Activities:

During the year, the district received zero dollars of food commodities from the U. S. Department of Agriculture

The accompanying Notes to Financial Statements are an integral part of this statement.

FIDUCIARY FUNDS

KNOWLEDGE A TO Z ACADEMY CHARTER SCHOOL, INC.
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2015

	<u>Unemployment Compensation Trust</u>	<u>Student Activities</u>	<u>Payroll Agency Fund</u>
ASSETS			
Cash and Cash Equivalents	\$ 35,486	\$ 4,995	\$ 9,311
Interfund Receivable		1,317	
Total Assets	<u>35,486</u>	<u>6,312</u>	<u>9,311</u>
LIABILITIES			
Payroll Deductions and Withholdings			7,197
Due to Current Fund			2,114
Due to Student Groups		6,312	
Total Liabilities	<u>\$</u>	<u>\$ 6,312</u>	<u>\$ 9,311</u>
NET POSITION			
Held in Trust for Unemployment Claims and Other Purposes	<u>\$ 35,486</u>		

**The accompanying Notes to Financial Statements
are an integral part of this statement.**

KNOWLEDGE A TO Z ACADEMY CHARTER SCHOOL, INC.
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2015

	<u>Unemployment Compensation Trust</u>
ADDITIONS	
Contributions:	
Employee Deduction	\$ 3,035
Board Contribution	-
	<hr/>
Total Additions	3,035
	<hr/>
DEDUCTIONS	
Unemployment Claims	
	<hr/>
Total Deductions	
	<hr/>
NONOPERATING REVENUES:	
Interest	
	<hr/>
Change in Net Position	3,035
Net Position—Beginning of the Year	32,451
	<hr/>
Net Position—End of the Year	\$ 35,486
	<hr/> <hr/>

The accompanying Notes to Financial Statements are an integral part of this statement.

REQUIRED SUPPLEMENTARY INFORMATION – PART II

KNOWLEDGE A TO Z ACADEMY CHARTER SCHOOL, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

NOTE 1. DESCRIPTION OF KNOWLEDGE A TO Z ACADEMY CHARTER SCHOOL, INC. AND REPORTING ENTITY

Knowledge A to Z Academy Charter School, Inc. is located and incorporated on March 23, 2012 in the County of Camden, State of New Jersey and began its first year of education operations in September of 2012. It was created through the approval of its New Jersey Charter Schools Application by the State of New Jersey, Department of Education. As a Charter School, Knowledge A to Z Academy Charter School, Inc. functions independently as an educational institution through a Board of Trustees (the "Board"). In accordance with the by laws of the Charter School, the Board is to consist of not less than 3 and not more than 14 individuals. At all times, constituency of the voting members of the Board of Trustees shall consist of 2 members nominated and elected by the Board selected from the Parent Council and two members nominated and elected by the Board of Trustees representing community leaders at large (which may include representatives from the Neighborhood Center) The school administrator and a teacher elected by the teachers from the school are ex-officio members of the Board of Trustees without vote, and limited to the number of terms they may serve consecutively.

A. Reporting Entity:

The purpose of the Charter School during their initial fiscal school year of 2012-13 was to educate students in Kindergarten through Fourth Grade. The school operates two buildings with an initial year enrollment at June 30, 2013 of 195. The enrollment at June 30, 2014 was 239, which is 44 more students than in 2012-13. The enrollment at June 30, 2015 was 316, which is 77 students more than in 2013-14. A school business administrator/board secretary was appointed by the Board and responsible for the administrative control of the Charter School.

The primary criterion for including activities within the Charter School's reporting entity, as set forth in Section 2100 of the GASB *Codification of Governmental Accounting and Financial Reporting Standards*, is whether:

- the organization is legally separate (can sue or be sued in their own name)
- the Charter School holds the corporate powers of the organization
- the Charter School appoints a voting majority of the organization's board
- the Charter School is able to impose its will on the organization
- the organization has the potential to impose a financial benefit/burden on the Charter School
- there is a fiscal dependency by the organization on the Charter School

There were no additional entities required to be included in the reporting entity, under the criteria as described above, in the current fiscal year. Furthermore, the Charter School is not includable in any other reporting entity on the basis of such criteria.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of Knowledge A to Z Academy Charter School, Inc. have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The more significant of the Charter School's accounting policies are described below.

KNOWLEDGE A TO Z ACADEMY CHARTER SCHOOL, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

In June 1999, the Governmental Accounting Standards Board (GASB), unanimously approved Statement No. 34, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments*, which provided for the most significant change in financial reporting over twenty years and was phased-in starting with fiscal year ending 2002. In addition, the Charter School has implemented GASB Statement No. 37, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments: Omnibus* and Statement No. 38, *Certain Financial Statement Note Disclosures*.

Recently Issued and Adopted Accounting Pronouncements:

The district adopted the following GASB statements:

- GASB 67, *Financial Reporting for Pension Plans, an Amendment of GASB 25*, will be effective beginning with the year ending June 30, 2014. The objective of this Statement is to improve financial reporting by state and local governmental pension plans. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for pensions with regard to providing decision- useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency. This statement replaces the requirements of Statement No. 25, *Financial reporting for Deferred Benefit Pension Plans and Note Disclosures for Defined Contribution Plans* and No.50, *Pension Disclosures*, as they relate to pension plans that are administered through trusts or equivalent arrangements that meet certain criteria. The District does not expect this Statement to impact its financial statements.
- GASB 68, *Accounting and Financial reporting for Pensions*, will be effective beginning with the year ending June 30, 2014. The objective of this Statement is to improve accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local governmental employers about financial support for pensions hat is provided by other state entities. This Statement replaces the requirements of Statement No.27, *Accounting for Pension Disclosures, and Local Governmental Employers*, as well as the requirements of Statement No.50, *Pension Disclosures*, as they relate to pensions that are provided through pension plans administered as trusts or equivalent arrangements that meet certain criteria. The adoption of GASB 68, will impact the financial statements of the School District's.
- In November 2013, the GASB issued Statement 71, *Pension Transition for Contributions made Subsequent to the Measurement Date - an amendment of GASB Statement No. 68*. GASBS 71 is to address an issue regarding application of the transition provisions of Statement No. 68, *Accounting and Financial Reporting for Pensions*. The issue relates to amounts associated with contributions, if any, made by a state or local government employer or nonemployer contributing entity to a defined benefit pension plan after the measurement date of the government's beginning net pension liability. The requirements of this Statement will eliminate the source of a potential significant understatement of restated beginning net position and expense in the first year of implementation of Statement 68 in the accrual-basis financial statements of employers and nonemployer contributing entities. This Statement is effective for fiscal years beginning after June 15, 2014. The adoption of GASB 71, will impact the financial statements of the School District's.

KNOWLEDGE A TO Z ACADEMY CHARTER SCHOOL, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Recently Issued and Adopted Accounting Pronouncements (Continued):

Other accounting standards that the District is currently reviewing for applicability and potential impact on the financial statements include:

- GASB 69, Government Combinations and disposals of Government Operations, is effective for periods beginning after December 15, 2013. This Statement establishes accounting and financial reporting standards related to government combinations and disposals of government operations. As used in this Statement, the term government combinations includes a variety of transactions referred to as mergers, acquisitions, and transfers of operations. The District is currently evaluating the impact of the adoption of this Statement on the School District's financial statements, although no impact is expected.

A. Basis of Presentation:

The Charter School basic financial statements consist of Charter School-Wide statements, including a Statement of Net Position and a statement of activities, and fund financial statements, which provide a more detailed level of financial information.

Charter School-Wide Statements: The Statement of Net Position and the Statements of Activities display information about the financial activities of the overall Charter School, except for fiduciary activities. Eliminations have been made to minimize the double counting of internal activities. These statements distinguish between the *governmental* and *business-type activities* of the Charter School. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

The Statement of Net Position presents the financial condition of the governmental and business-type activities of the Charter School at the fiscal year end while the statement of activities presents a comparison between direct expenses and program revenues for each different business-type activity of the Charter School and for each function of the Charter School's governmental activities.

- Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Indirect expenses-expenses of the Charter School related to the administration and support of the Charter School's programs, such as personnel and accounting-are not allocated to programs.
- Program revenues include (a) charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes and state formula aid, are presented as general revenues.

KNOWLEDGE A TO Z ACADEMY CHARTER SCHOOL, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

A. Basis of Presentation (Continued):

Fund Financial Statements: During the fiscal year, the Charter School segregates transactions related to certain Charter School functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. The fund financial statements provide information about the Charter School's funds, including its fiduciary funds. Separate statements for each fund category – *governmental*, *proprietary*, and *fiduciary* – are presented. The New Jersey Department of Education (NJDOE) has elected to require New Jersey Charter Schools to treat each governmental fund as a major fund in accordance with the option noted in GASB No. 34, paragraph 76. The NJDOE believes that the presentation of all funds as major is important for public interest and to promote consistency among Charter School financial reporting.

B. Fund Accounting:

The accounts of the Charter School are maintained in accordance with the principles of fund accounting to ensure observance of limitations and restrictions on the resources available. The principles of fund accounting require that resources be classified for accounting and reporting purposes into funds in accordance with activities or objectives specified for the resources. The operations for each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures or expenses, as appropriate. The various funds are grouped, in the financial statements in this report:

GOVERNMENTAL FUND TYPE

General Fund - The general fund is the general operating fund of the School and is used to account for all expendable financial resources except those required to be accounted for in another fund. Included are certain expenditures for instructional and non-instructional equipment which are classified in the Capital Outlay subfund.

As required by the New Jersey State Department of Education, Knowledge A to Z Academy Charter School, Inc. includes budgeted Capital Outlay in this fund. Generally accepted accounting principles as they pertain to governmentalities state that General Fund resources may be used to directly finance capital outlays for long-lived improvements as long as the resources in such cases are derived exclusively from unrestricted revenues.

Resources for budgeted capital outlay purposes are normally derived from the "local levy" local share - charter school aid, "local levy" state share - charter school aid, categorical aid, revenues from other sources and appropriated fund balance. Expenditures are those in excess of \$2,000, which result in the acquisition of or additions to capital assets for land, existing buildings, improvements of grounds, construction of buildings, additions to or remodeling of buildings and the purchase of built-in equipment. These resources can be transferred from and to Current Expense by Board resolution.

Special Revenue Fund - The Charter School accounts for the proceeds of specific revenue sources from the state and federal government (other than expendable trusts, major capital projects or enterprise funds) and local appropriations that is legally restricted to expenditures for specified purposes in the special revenue fund.

KNOWLEDGE A TO Z ACADEMY CHARTER SCHOOL, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Fund Accounting (Continued):

GOVERNMENTAL FUND TYPE (CONTINUED)

Capital Projects Fund - The Charter School currently has no capital projects, and, therefore, the accounting system of the Charter School does not include a capital projects fund.

Debt Service Fund - The accounting system of the Charter School does not include a debt service fund in accordance with state statute.

PROPRIETARY FUND TYPE

The focus of Proprietary Fund measurement is on determination of net income, financial position and cash flows. The applicable generally accepted accounting principles are similar to businesses in the private sector. The following is a description of the Proprietary Funds of the Charter School:

Enterprise (Food Service) Funds - The Enterprise Funds are utilized to account for operations that are financed and operated in a manner similar to private business enterprises, where the intent of the School is that the costs (i.e. expenses including depreciation and indirect costs) of providing goods or services to the students on a continuing basis be financed or recovered primarily through user charges; or, where the School has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

The School's Enterprise Fund is comprised of a Food Service Fund managed by an outside food service management company. For expediency, the financial records are maintained within the food service fund of Knowledge A to Z Academy Charter School, Inc. Federal and state subsidy reimbursements as well as a food service operating costs were allocated on a pro-rata basis. There were no Inventory or commodity amounts considered as owned by Knowledge A to Z Academy Charter School, Inc.

All proprietary funds are accounted for on a cost of services or "capital maintenance" measurement focus. This means that all assets and all liabilities, whether current or noncurrent, associated with their activity are included on their balance sheets. Their reported fund equity (net total assets) is separated into contributed capital and unreserved retained earnings, if applicable. Proprietary fund type operating statements present increases (revenues) and decreases (expenses) in net total assets.

KNOWLEDGE A TO Z ACADEMY CHARTER SCHOOL, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

FIDUCIARY FUND TYPE

Fiduciary Funds include Expendable Trust, Nonexpendable Trust and Agency Funds. The measurement focus of the Expendable Trust Funds is the same as for governmental funds. The measurement focus of the Nonexpendable Trust Funds is similar to Proprietary Funds. Agency Funds are purely custodial (assets equal liabilities) and thus do not involve measurement of results of operations. The following is a description of the Fiduciary Funds of the Charter School:

Trust and Agency Funds - The trust and agency funds are used to account for assets held by the Charter School in a Trustee capacity or as an agent for individuals, private organizations, other governments or others.

Nonexpendable Trust Fund - A nonexpendable trust fund is used to account for assets held under the terms of a formal trust agreement, whereby the Charter School is under obligation to maintain the trust principal. The accounting system of the Charter School does not include a nonexpendable trust fund.

Expendable Trust Fund - An Expendable Trust Fund is accounted for in essentially the same manner as the governmental fund types, using the same measurement focus and basis of accounting. Expendable Trust Funds account for assets where both the principal and interest may be spent. The Expendable Trust Funds will consist of an Unemployment Compensation Insurance Fund in the future.

Agency Funds (Payroll, Health Benefits and Student Activities Fund) - Agency funds are used to account for the assets that the Charter School holds on behalf of others as their agent. Agency funds are custodial in nature and do not involve measurement of results of operations. The accounting system of the Charter School includes a payroll fund and a student activities fund.

C. Basis of Accounting and Measurement Focus:

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements.

Charter School-Wide, Proprietary and Fiduciary Fund Financial Statements: The Charter School-Wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting; the enterprise fund and fiduciary funds use the accrual basis of accounting. Differences in the accrual and modified accrual basis of accounting arise in the recognition of revenue, the recording of unearned revenue, and in the presentation of expenses versus expenditures. Ad Valorem (Property) Taxes are susceptible to accrual as under the New Jersey State Statute a municipality is required to remit to its school Charter School the entire balance of taxes in the amount voted upon or certified, prior to the end of the school year. The Charter School records the entire approved tax levy as revenue (accrued) at the start of the fiscal year, since the revenue is both measurable and available.

The Charter School is entitled to receive monies under the established payment schedule and the unpaid amount is considered to be an "accounts receivable". Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

KNOWLEDGE A TO Z ACADEMY CHARTER SCHOOL, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basis of Accounting and Measurement Focus (Continued):

Governmental Fund Financial Statements: Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

In its accounting and financial reporting, the Charter School follows the pronouncements of the Governmental Accounting Standards Board (GASB) and the pronouncements of the Financial Accounting Standards Board (FASB) and its predecessor organizations issued on or before November 30, 1989, unless they conflict with or contradict GASB pronouncements. The Charter School's proprietary funds have elected not to apply the standards issued by FASB after November 30, 1989.

The accrual basis of accounting is used for measuring financial position and operating results of proprietary fund types and nonexpendable trust funds. Under this method, revenues are recognized in the accounting period in which they are earned and expenses are recognized when they are incurred.

D. Budgets/Budgetary Control:

Charter School budgets are prepared annually and are submitted to the Department of Education for review. Budgets are prepared using the modified accrual basis of accounting. The legal level of budgetary control is established at line item accounts within each fund. Line item accounts are mandated by the Department of Education and are detailed in the Charter School Budget Summary form that is part of the New Jersey Charter School Application and are defined as the lowest (most specific) level of detail referenced in NJAC 6:20-2A (m) 1. Transfers of appropriations may be made by Board resolution at any time during the fiscal year.

Formal budgetary integration into the accounting system is employed as a management control device during the year. For governmental funds there are no substantial differences between the budgetary basis of accounting and generally accepted accounting principles with the exception of the legally mandated revenue recognition of the last state aid payment for budgetary purposes only and the special revenue fund as noted below. Encumbrance accounting is also employed as an extension of formal budgetary integration in the governmental fund types. Unencumbered appropriations lapse at fiscal year end.

The accounting records of the special revenue fund are maintained on the grant accounting budgetary basis. The grant accounting budgetary basis differs from GAAP in that the grant accounting budgetary basis recognizes encumbrances as expenditures and also recognizes the related revenues, whereas the GAAP basis does not. Sufficient supplemental records are to be maintained to allow for the presentation of GAAP basis financial reports.

KNOWLEDGE A TO Z ACADEMY CHARTER SCHOOL, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Budgets/Budgetary Control (Continued):

Schedule C-3 in the CAFR presents a reconciliation of the special revenue funds from the budgetary basis of accounting as presented in the Combined Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual - General, Special Revenue and Debt Service Funds to the GAAP basis of accounting as presented in the Combined Statement of Revenues, Expenditures and Changes in Fund Balances - All Governmental Fund Types.

Under encumbrance accounting, purchase orders, contracts and other commitments for the expenditure of resources are recorded to reserve a portion of the applicable appropriation. Open encumbrances in governmental funds other than the special revenue fund are reported as reservations of fund balances at fiscal year-end as they do not constitute expenditures or liabilities but rather commitments related to unperformed contracts for goods and services. The budget, as detailed on Exhibit C-1, includes all amendments to the adopted budget, if any. Open encumbrances in the special revenue fund for which the Charter School has received advances (if any) are reflected in the balance sheet as unearned revenues at fiscal year end.

E. Encumbrance Accounting:

The encumbered appropriation authority carries over into the next fiscal year. An entry will be made at the beginning of the next fiscal year to increase the appropriation reflected in the certified budget by the outstanding encumbrance amount as of the current fiscal year end. The Charter School had no fund balance reserved for encumbrances at June 30, 2015.

F. Tuition:

The Charter School Program Act of 1995 specifically prohibits a charter school from charging tuition to students who reside in the Charter School of residence of the charter school or are non-resident students.

G. Assets, Liabilities and Equity:

Transactions

Interfund receivables/payables represent amounts that are owed, other than charges for goods or services rendered to/from a particular fund in the Charter School and that are due within one year.

Inventories

Inventories and prepaid expenses, which benefit future periods, other than those recorded in the Enterprise Fund are recorded as expenditures during the year of purchase. On Charter School-wide financial statements and in the enterprise fund inventories are valued at cost, which approximates market, using the first-in-first-out (FIFO) method and is expended when used. Prepaid expenses in the Enterprise Fund represent payments made to vendors for services that will benefit periods beyond June 30, 2015.

KNOWLEDGE A TO Z ACADEMY CHARTER SCHOOL, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

G. Assets, Liabilities and Equity (continued):

Capital Assets - General fixed assets acquired or constructed during the year are recorded at actual cost. Donated fixed assets are valued at their estimated fair market value on the date received. General fixed assets are reflected as expenditures in the applicable governmental funds, and the related assets are reported in the Statement of Net Position. Expenditures that enhance the asset or significantly extend the useful life of the asset are considered improvements and are added to the fixed asset's currently capitalized cost. The cost of normal repairs and maintenance are not capitalized.

Capital assets are depreciated in the Charter School-wide financial statements using the straight-line method over the following estimated useful lives:

<u>Asset Class</u>	<u>Estimated Useful Lives</u>
School Building	30-50
Building Improvements	20
Vehicles	8
Equipment	5-10

H. Compensated Absences:

Compensated absences are those absences for which employees will be paid, such as vacation, sick leave, and sabbatical leave. A liability for compensated absences that are attributable to services already rendered, and that are not contingent on a specific event that is outside the control of the Charter School and its employees, is accrued as the employees earn the rights to the benefits. Compensated absences that relate to future services, or that are contingent on a specific event that is outside the control of the Charter School and its employees, are accounted for in the period in which such services are rendered or in which such events take place.

In governmental and similar trust funds, compensated absences that are expected to be liquidated with expendable available financial resources are reported as an expenditure and fund liability in the fund that will pay for the compensated absences. The remainder of the compensated absences liability is reported in the Statement of Net Position. There is presently no balance in compensated absences liability at June 30, 2015.

In proprietary and similar trust funds, compensated absences are recorded as an expense and liability of the fund that will pay for them.

I. Unearned Revenue:

Unearned revenue in the special revenue fund represents cash, which has been received but not yet earned (see Note 2(B) regarding the special revenue fund).

J. Fund Equity:

Contributed capital represents the amount of fund capital contributed to the proprietary funds from other funds. Reserves represent those portions of fund equity not appropriable for expenditure or legally segregated for a specific future use. Designated fund balances represent plans for future use of financial resources.

KNOWLEDGE A TO Z ACADEMY CHARTER SCHOOL, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

K. Operating Revenues and Expenses:

Operating revenues are those revenues that are generated directly from the primary activity of the enterprise fund. For the Charter School, these revenues are sales for food service. Operating expenses are necessary costs incurred to provide the service that is the primary activity of the enterprise fund.

L. Charter School Funding:

The Charter School is largely funded on its enrollment through the local levy and categorical aid, which follows a particular student. Funding flows from the State to the district board of education and then to the Charter school. In accordance with N.J.S.A. 18A:36A-12 "the school district of residence shall pay directly to the Charter School for each student enrolled in the charter school who resides in the district a presumptive amount equal to 90% of the local tax levy budget per pupil for the specific grade level in the district. At the discretion of the commissioner and at the time the charter is granted, the commissioner may require the school district of residence to pay directly to the charter school for each student enrolled in the charter school an amount equal to less than 90%, or an amount, which shall not exceed 100% of the local levy budget per pupil for the specific grade in the district of residence. The per pupil amount paid to the charter school shall not exceed the local levy budget per pupil for the specific grade level in the district in which the charter school is located. The district of residence shall also pay directly to the charter school any categorical aid attributable to the student, provided the student is receiving appropriate categorical services, and any federal funds attributable to the student".

During the school year, a charter school shall conduct an enrollment count on October 15, and the last day of the school year. A charter school shall submit each count through a summary school register for the purposes of determining average daily enrolment. Based on these counts, a charter school's revenue is adjusted accordingly.

M. Net Position:

Net position represents the difference between assets and liabilities. Net position invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balance of any borrowing used for the acquisition, construction, or improvement of those assets. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the Charter School or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. The Charter School's policy is to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

KNOWLEDGE A TO Z ACADEMY CHARTER SCHOOL, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

N. Revenues – Exchange and Non-exchange Transactions:

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On the modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the Charter School, available means within sixty days of the fiscal year end. Non-exchange transactions, in which the Charter School receives value without directly giving equal value in return, include property taxes, income taxes, grants, entitlements, and donations. On the accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from income taxes is recognized in the period in which the income is earned.

Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or for the fiscal year when use is first permitted; matching requirements, in which the Charter School must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to the Charter School on a reimbursement basis. On the modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized. Under the modified accrual basis, the following revenue sources are considered both measurable and available at fiscal year end: property taxes available as an advance, interest, and tuition.

O. Comparative Data/Reclassifications:

After the initial year of operations, comparative total data for the prior year will be presented in selected sections of the accompanying financial statements in order to provide an understanding of the changes in the Charter School's financial position and operations. Also, certain immaterial amounts presented in the prior year data will be reclassified in order to be consistent with the current year's presentation.

P. Allocation of Indirect Expenses:

The Charter School reports all direct expenses by function in the Statement of Activities. Direct expenses are those that are clearly identifiable with a function. Indirect expenses are allocated to functions but are reported separately in the Statement of Activities. Employee benefits, including the employer's share of social security, workers compensation, and medical and dental benefits, were allocated based on salaries of that program. Depreciation expense, where practicable, is specifically identified by function and is included in the indirect expense column of the Statement of Activities. Depreciation expense that could not be attributed to a specific function is considered an indirect expense and is reported separately on the Statement of Activities. Interest on long-term debt is considered an indirect expense and is reported separately on the Statement of Activities.

Q. Extraordinary and Special Items:

Extraordinary items are transactions or events that are unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of management and are either unusual in nature or infrequent in occurrence. Neither of these types of transactions occurred during the fiscal year.

KNOWLEDGE A TO Z ACADEMY CHARTER SCHOOL, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

R. Inventories and Prepaid Expenses:

Inventories and prepaid expenses, which benefit future periods, other than those recorded in the enterprise fund are recorded as an expenditure during the year of purchase.

On Charter School-wide financial statements and in the enterprise fund inventories are valued at cost, which approximates market, using the first-in-first-out (FIFO) method. Prepaid expenses in the Enterprise Fund represent payments made to vendors for services that will benefit periods beyond June 30, 2015.

S. Short -Term Interfund Receivables/Payables:

Short-term interfund receivables/payables represent amounts that are owed, other than charges for goods or services rendered to/from a particular fund in the Charter School and that are due within one year.

T. Management Estimates:

In order for the preparation of basic financial statements to be in conformity with generally accepted accounting principles, management is required to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

U. Accrued Liabilities and Long-term Obligations:

All payables, accrued liabilities, and long-term obligations are reported on the School-Wide financial statements. Long-term debt is recognized as a liability of a governmental fund when due, or when resources have been accumulated in the debt service fund for payment early in the following year. For other long-term obligations, only that portion expected to be financed from expendable available financial resources is reported as a fund liability of a governmental fund. The remaining portion of such obligations is reported in the Statement of Net Position.

V. Fund Balance Reserves:

The Charter School reserves those portions of fund balance which are legally segregated for a specific future use or which do not represent available expendable resources and, therefore, are not available for appropriation or expenditure. Unreserved fund balance indicates that portion which is available for appropriation in future periods. A fund balance reserve has been established for encumbrances.

W. Lease Acquisition Costs:

As part of any long-term lease agreement, providing for the use of school buildings, payments constituting professional lease acquisition and other related professional fees will be expensed when incurred in accordance with GASB Statement No. 65. There were no such leases for the year ended June 30, 2015.

KNOWLEDGE A TO Z ACADEMY CHARTER SCHOOL, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

NOTE 3. CASH AND CASH EQUIVALENTS AND INVESTMENTS

Cash and cash equivalents include petty cash, change funds, cash in banks and all highly liquid investments with a maturity of three months or less at the time of purchase and are stated at cost plus accrued interest. U.S. Treasury and agency obligations and certificates of deposit with a maturity of one year or less when purchased are stated at cost. All other investments are stated at fair value.

New Jersey Schools are limited as to the types of investments and types of financial institutions they may invest in. New Jersey statute 18A:20-37 provides a list of permissible investments that may be purchased by New Jersey Schools. Investments are stated at cost, or amortized cost, which approximates market.

The amortized cost method involves valuing a security at its cost on the date of purchase and thereafter assuming a constant amortization to maturity for any discount or premium. The Board classifies certificates of deposit, which have original maturity dates of more than three months but less than twelve months from the date of purchase, as investments.

Deposits:

New Jersey statutes require that school districts deposit public funds in public depositories located in New Jersey, which are insured by the Federal Deposit Insurance Corporation, the Federal Savings and Loan Insurance Corporation, or by any other agency of the United States that insures deposits made in public depositories. School districts are also permitted to deposit public funds in the State of New Jersey Cash Management Fund. New Jersey statutes require public depositories to maintain collateral for deposits of public funds that exceed depository insurance limits as follows:

The market value of the collateral must equal at least 5% of the average daily balance of collected public funds on deposit.

In addition to the above collateral requirement, if the public funds deposited exceed 75% of the capital funds of the depository, the depository must provide collateral having a market value at least equal to 100% of the amount exceeding 75%.

All collateral must be deposited with the Federal Reserve Bank of New York, the Federal Reserve Bank of Philadelphia, the Federal Home Loan Bank of New York, or a banking institution that is a member of the Federal Reserve System and has capital funds of not less than \$25,000,000.

Investments:

New Jersey statutes permit the Board to purchase the following types of securities:

- a. Bonds or other obligations of the United States or obligations guaranteed by the United States.
- b. Bonds of any Federal Intermediate Credit Bank, Federal Home Loan Bank, Federal National Mortgage Agency or of any United States Bank for Cooperatives, which have a maturity date no greater than twelve months from the date of purchase.
- c. Bonds of other obligations of the school.

KNOWLEDGE A TO Z ACADEMY CHARTER SCHOOL, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

NOTE 3. CASH AND CASH EQUIVALENTS AND INVESTMENTS (CONTINUED)

As of June 30, 2015, cash and cash equivalents in the fund financial statements of the Charter School consisted of the following:

		<u>Cash and Cash Equivalents</u>
Checking Accounts	\$	875,446
Total	\$	875,446

Custodial Credit Risk – Custodial credit risk is the risk that, in the event of a bank failure, the Charter School's deposits may not be recovered. Although the Charter School does not have a formal policy regarding custodial credit risk, NJSA 17:9-41 t seq. requires that the governmental units shall deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act (GUDPA). GUDPA is a supplemental insurance program set forth by the New Jersey Legislature to protect the deposits of local government agencies. The program is administered by the Commissioner of the NJ Department of Banking and Insurance. Under the Act, the first \$250,000 of governmental deposits in each insured depository is protected by FDIC. Funds owned by the Charter School in excess of FDIC insured amounts are protected by GUDPA. As of June 30, 2015, the Charter School bank balance of \$986,017 was exposed to custodial credit risk as follows:

Insured	\$	250,000
Uninsured and collateralized with Securities held by pledging financial institutions		736,017
Total	\$	986,017

New Jersey Cash Management Fund – During the fiscal year, the School District participated in the New Jersey Cash Management Fund. The Fund is governed by regulations of the State Investment Council, who prescribe standards designed to insure the quality of investments in order to minimize risk to the Funds participants. Deposits with the New Jersey Cash Management Fund are not subject to custodial credit risk as defined above. At June 30, 2015, the Charter School had no funds on deposit with the New Jersey Cash Management Fund.

NOTE 4. COMPENSATED ABSENCES

In accordance with Statement No. 16 of the (GASB) entitled “Accounting for Compensated Absences”, Part time employees are not entitled to compensated absences. Benefits paid in any future period will be calculated in accordance with formulas outlined in the Charter School agreements with any collective bargaining units and included in the budget of the current year of payment. There currently is no formal policy concerning payment of accumulated absences.

There was no liability for compensated absences in the governmental fund types at June 30, 2015.

As of June 30, 2015, no liability existed for compensated absences in the Food Service Fund because there are no employees paid out of this fund. The Food Service employees are provided and paid by an outside management company, Preferred Meals, Inc.

KNOWLEDGE A TO Z ACADEMY CHARTER SCHOOL, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

NOTE 5. CAPITAL ASSETS

There were no capital assets as of June 30, 2015.

NOTE 6. GENERAL LONG-TERM DEBT

There was no debt as of June 30, 2015.

NOTE 7. PENSION PLANS

Description of Plans - All required employees of the Charter School are covered by either the Public Employees' Retirement System or the Teachers' Pension and Annuity Fund which have been established by state statute and are administered by the New Jersey Division of Pension and Benefits (Division). According to the State of New Jersey Administrative Code, all obligations of both Systems will be assumed by the State of New Jersey should the Systems terminate. The Division issues a publicly available financial report that includes the financial statements and required supplementary information for the Public Employees Retirement System and the Teachers' Pension and Annuity Fund. These reports may be obtained by writing to the Division of Pensions and Benefits, PO Box 295, Trenton, New Jersey, 08625.

Teachers' Pension and Annuity Fund (TPAF) - The Teachers' Pension and Annuity Fund was established as of January 1, 1955, under the provisions of N.J.S.A. 18A:66 to provide retirement benefits, death, disability and medical benefits to certain qualified members. The Teachers' Pension and Annuity Fund is considered a cost-sharing multiple-employer plan with a special funding situation, as under current statute, all employer contributions are made by the State of New Jersey on behalf of the Charter School and the system's other related non-contributing employers. Membership is mandatory for substantially all teachers or members of the professional staff certified by the State Board of Examiners, and employees of the Department of Education who have titles that are unclassified, professional and certified.

Public Employees' Retirement System - The Public Employees' Retirement System (PERS) is a cost-sharing multiple-employer defined benefit plan which was established as of January 1, 1955. The PERS provides retirement, death, disability and medical benefits to certain qualified members. Vesting and benefit provisions are established by N.J.S.A. 43:15A and 43:3B.

The contribution requirements of plan members are determined by State statute. In accordance with Chapter 62, P.L. 1994, plan members enrolled in the Public Employees' Retirement System were required to contribute 5.5% of their annual covered salary. Effective July 1, 2011, however, in accordance with Chapter 78, P.L. 2011, plan members are required to contribute 5.5% of their annual covered salary. For employees enrolled in the retirement system prior to July 1, 2007, the increase is effective with the payroll period that begins immediately after July 1, 2007. The State Treasurer has the right under the current law to make temporary reductions in member rates based on the existence of surplus pension assets in the retirement system; however, statute also requires the return to the normal rate when such surplus pension assets no longer exist. For the year ended June 30, 2015, the District was not billed for pension expense and at June 30, 2015, the District did not have any deferred outflows of resources or deferred inflows of resources related to PERS, as reflected by the GASB 68 report received.

The School District will be billed annually for its normal contribution plus any accrued liability.

The School District's contributions, equal to the required contribution for each fiscal year, were as follows:

KNOWLEDGE A TO Z ACADEMY CHARTER SCHOOL, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

NOTE 7. PENSION PLANS (CONTINUED)

Public Employees Retirement System (PERS) - (CONTINUED)

Public Employees Retirement System					
Fiscal Year	Normal Contribution	Accrued Liability	Total Liability	Funded by State	Paid by District
2015	N/A	N/A	N/A	N/A	N/A
2014	N/A	N/A	N/A	N/A	N/A
2013	N/A	N/A	N/A	N/A	N/A

Vesting and Benefit Provisions - The vesting and benefit provisions for PERS are set by N.J.S.A. 43:15A and 43.3B, and N.J.S.A. 18A:6 for TPAF. All benefits vest after eight to ten years of service, except for medical benefits that vest after 25 years of service, or under the disability provisions of the System. Retirement benefits for age and service are available at age 60 and are generally determined to be 1/55 of the final average salary for each year of service credit, as defined. Final average salary equals the average salary for the final three years of service prior to retirement (or highest three years' compensation if other than the final three years). Members may seek early retirement after achieving 25 years of service credit or they may elect deferred retirement after achieving eight to ten years of service in which case benefits would begin the first day of the month after the member attains normal retirement age. The TPAF and PERS provides for specified medical benefits for members who retire after achieving 25 years of qualified service, as defined, or under the disability provisions of the System. Members are always fully vested for their own contributions and, after three years of service credit, become vested for 2% of related interest earned on the contributions. In the case of death before retirement, members' beneficiaries are entitled to full interest credited to the members' accounts.

Eligible retirees receiving monthly benefits are entitled to cost-of-living increases equal to 60% of the change in the average consumer price index for a 12 month period ending with each August 31st immediately preceding the year in which the adjustment becomes payable. The regular retirement allowance is multiplied by the 60% factor as developed and results in a dollar amount of the adjustment payable. Retired members become eligible for pension adjustment benefits (COLA) after 24 months of retirement.

Significant Legislation - P.L. 2011, c.78, effective October 2011, set new employee contribution requirements towards the cost of employer provided health benefit coverage. Employees are required to contribute a certain percentage of the cost of coverage. The rate of contribution is determined based on the employee's annual salary and the selected level of coverage. The increased employee contributions will be phased in over a 4-year period for those employed prior to this legislation's effective date with a minimum contribution required to be at least 1.5 percent of salary.

Contribution Requirements - The contribution policy is set by N.J.S.A. 43:15A, Chapter 62, P.L. of 1994, Chapter 115, P.L. of 1997 and N.J.S.A. 18:66, and requires contributions by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. TPAF and PERS provide for employee contributions of 5.5% of employees' annual compensation, as defined. Employers are required to contribute at an actuarially determined rate in both TPAF and PERS. The actuarially determined contribution includes funding for cost-of-living adjustments, noncontributory death benefits, and post-retirement medical premiums. Under current statute, the Charter School is a non-contributing employer of the TPAF.

KNOWLEDGE A TO Z ACADEMY CHARTER SCHOOL, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

NOTE 7. PENSION PLANS (CONTINUED)

<u>Three-Year Trend Information for PERS</u>				
<u>Year</u>		<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
6/30/15	\$	N/A	N/A	\$ N/A
6/30/14		N/A	N/A	N/A
6/30/13		N/A	N/A	N/A

Trend Information for TPAF (Paid on-behalf of the Charter School)

<u>Year</u>		<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
6/30/15	\$	21,360	100%	\$ 0
6/30/14		N/A	N/A	N/A
6/30/13		N/A	N/A	N/A

During the fiscal year ended June 30, 2015, the State of New Jersey contribute \$8,255 to the TPAF for normal and \$13,105 for post-retirement benefits on behalf of the Charter School. Also, in accordance with N.J.S.A. 18A:66-66 the State of New Jersey reimbursed the Charter School \$130,656 during the year ended June 30, 2015 for the employer's share of social security contributions for TPAF members, as calculated on their base salaries.

Legislation enacted during 1991 and 1993 provided early retirement incentives for certain members of TPAF and PERS who met certain age and service requirements and who applied for retirement between certain dates in the 1992 and 1994 fiscal years. The early retirement incentives included: (a) an additional five years of service credit for employees at least age 50 with a minimum of 25 years of service; (b) free health benefits for employees at least 60 years old with at least 20 years of service; (c) an additional \$500 per month for two years for employees at least age 60 with 10 but less than 20 years of service. The Charter School assumed the increased cost for the early retirement as it was affected.

NOTE 8. POST-RETIREMENT BENEFITS

P.L. 1987, c. 384 and P.L. 1990, c.6 required Teachers' Pensions and Annuity Fund (TPAF) and the Public Employees' Retirement System (PERS), respectively, to fund post-retirement medical benefits for those State employees who retire after accumulating 25 years of credited service or on a disability retirement. P.L. 2007, c.103 amended the law to eliminate the funding of post-retirement medical benefits through the TPAF and PERS. It created separate funds outside of the pension plans for the funding and payment of post-retirement medical benefits for retired State employees and retired educational employees. As of June 30, 2014, there were 103,432 retirees receiving post retirement medical benefits and the State contributed \$1.04 billion on their behalf. The cost of these benefits is funded through contributions by the State in accordance with P.L. 1994 c 62. Funding of post retirement medical benefits changed from a pre-funding basis to a pay-as-you-go basis beginning in Fiscal Year 1994.

KNOWLEDGE A TO Z ACADEMY CHARTER SCHOOL, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

NOTE 8. POST-RETIREMENT BENEFITS (CONT'D)

The State is also responsible for the cost attributable to P.L. 1992 c. 126, which provides employer paid health benefits to members of PERS and the Alternate Benefit Program who retired from a board of education or county college with 25 years of service. The state paid \$165.8 million toward Chapter 126 benefits for 18,122 eligible retired members in Fiscal Year 2014.

NOTE 9. DEFERRED COMPENSATION

The Board currently offers its employees the Equivest deferred compensation plan created in accordance with Internal Revenue Code Section 403(b).

NOTE 10. RISK MANAGEMENT

The Charter School is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters.

Property and Liability Insurance - The Charter School maintains commercial insurance coverage for property, liability, student accident and surety bonds. A complete schedule of insurance coverage can be found in the Statistical Section of this Comprehensive Annual Financial Report.

New Jersey Unemployment Compensation Insurance - The Charter School has elected to fund its New Jersey Unemployment Compensation Insurance under the Reserve method. Under this plan, the Charter School is required to contribute a percentage of wages to the New Jersey Unemployment Trust Fund on a quarterly basis. The following is a summary of Charter School contributions, employee contributions, reimbursements to the State for benefits paid and the ending balance of the Charter School's expendable trust fund for the current and prior year:

<u>Fiscal Year</u>	<u>Charter School Contributions</u>	<u>Employee Contributions</u>	<u>Amount Reimbursed</u>	<u>Ending Balance June 30,</u>
2014-2015	\$ N/A	\$ N/A	\$ N/A	\$ N/A
2013-2014	N/A	N/A	N/A	N/A
2012-2013	N/A	N/A	N/A	N/A

NOTE 11. INTERFUND RECEIVABLES AND PAYABLES

The following interfund balances remained on the balance sheet at June 30, 2015:

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General Fund	\$ 216,675	\$ 17,319
Special Revenue Fund		214,561
Food Service Fund	16,002	
Trust and Agency Fund	1,317	2,114
Total	\$ 233,994	\$ 233,994

KNOWLEDGE A TO Z ACADEMY CHARTER SCHOOL, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

NOTE 12. FUND BALANCE APPROPRIATED

General Fund - Of the \$1,002,310 in General Fund balance at June 30, 2015, \$457,598 is restricted for Capital Reserve; \$75,000 is restricted for an Escrow Fund; \$150,919 has been assigned for Year-end Encumbrances; \$0 has been appropriated or included as anticipated revenue for the year ending June 30, 2016; and \$318,793 is unrestricted and unassigned.

NOTE 13. LITIGATION

In the opinion of the administration and legal counsel, the Charter School is not involved as a defendant in any legal proceedings of which the potential losses, if any, would not be material to the financial statements.

NOTE 14. OPERATING LEASES

Lease Purchase Agreement of Building Space

On January 14, 2014 Knowledge A to Z Academy Charter School, Inc. entered into a sublease with Friends of Knowledge A to Z Academy Charter School, Inc., known as the Parkside School. The agreement grants Knowledge A to Z Academy Charter School, Inc. the right to occupy the Parkside School during certain designated after hours. The rental cost for the 2013-14 school year was \$10,000 and shall increase for each school year thereafter by the increase, if any, in the Consumer Price Index (CPI). The term of the lease is July 1, 2014 through June 30, 2016.

On July 1, 2013 Knowledge A to Z Academy Charter School, Inc. entered into a sublease with Camden's Promise Charter School to occupy the Rosedale location. In the initial school year, the Rosedale property operates Kindergarten through the second grade. The rental cost for the 2013-14 school year is \$90,000. The rental cost is \$1,000 per student enrolled at the Rosedale location. The term of the lease is July 1, 2013 through June 30, 2016.

On May 10, 2012 Knowledge A to Z Academy Charter School, Inc. entered into a sublease with Friends of Knowledge A to Z Academy Charter School, Inc., known as the Parkside School. In the initial school year, the Parkside property operates Kindergarten through the Fourth grade. The rental cost for the 2013-14 school year was \$266,550. The rental cost is \$1,776 per student enrolled at the Parkside location. The term of the lease is September 1, 2012 through August 31, 2016.

A projected future minimum contracted lease payments are as follows:

Fiscal Year	Original Building	Rosedale Property
2015-16	\$ 355,200	120,000
Total	\$ 355,200	120,000

KNOWLEDGE A TO Z ACADEMY CHARTER SCHOOL, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

NOTE 15 . CHARTER MANAGEMENT ORGANIZATION AGREEMENT

On June 16, 2015, the Knowledge A to Z Academy Charter School, Inc. entered into a service agreement with Camden's Charter School Network, Inc. In accordance with the agreement, the Camden's Charter School Network, Inc. shall provide the Knowledge A to Z Academy Charter School, Inc. with specified services for the period of July 1, 2015 through June 30, 2016, with written notice required at least ninety days prior to the end of the initial term for renewal. The Knowledge A to Z Academy Charter School, Inc. will pay Camden's Charter School Network, Inc. ten percent of the per pupil revenue received by Knowledge A to Z Academy Charter School, Inc. as its management fee, which will be payable in ten monthly installments beginning September 1, 2015.

NOTE 16. SUBSEQUENT EVENTS

There were no subsequent events affecting the District between June 30, 2015 and the Audit Report Date.

End of Notes to Financial Statements

BUDGETARY COMPARISON SCHEDULES

KNOWLEDGE A TO Z ACADEMY CHARTER SCHOOL, INC.
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(UNAUDITED)

	<u>Original</u>	<u>Budget</u>	<u>Final</u>	<u>Revenue/</u>	<u>Variance</u>
	<u>Budget</u>	<u>Transfers</u>	<u>Budget</u>	<u>Expenditures</u>	<u>Final to Actual</u>
					<u>Favorable/</u>
					<u>(Unfavorable)</u>
REVENUES:					
"Local Tax Levy"- Local Share - Charter School Aid:					
City of Camden	\$ 191,949	\$ (67,851)	\$ 124,098	\$ 124,098	\$
Deptford Township		7,780	7,780	7,780	
Township of Pennsauken		105,597	105,597	105,597	
Mount Ephraim Borough		6,301	6,301	6,301	
Mantua Township		10,253	10,253	10,253	
Gloucester City		1,467	1,467	1,467	
Total - Local Levy	<u>191,949</u>	<u>63,547</u>	<u>255,496</u>	<u>255,496</u>	
State Sources:					
"Local Tax Levy"- State Share - Charter School Aid:					
Equalization Aid	3,681,902		3,681,902	3,914,309	232,407
Categorical Aids					
Special Education Aid	103,794		103,794	55,896	(47,898)
Security Aid	135,928		135,928	142,537	6,609
Total Categorical Aids	<u>3,921,624</u>		<u>3,921,624</u>	<u>4,112,742</u>	<u>191,118</u>
Other State Aid:					
On-behalf TPAF Pension Contributions (Non-budgeted)				8,255	8,255
On-behalf TPAF Post Retirement Medical Insurance (Non-budgeted)				13,105	13,105
Reimbursed TPAF Social Security Contributions (Non-budgeted)				130,656	130,656
Total Other State Aid				<u>152,016</u>	<u>152,016</u>
Total State Aid	<u>3,921,624</u>		<u>3,921,624</u>	<u>4,264,758</u>	<u>343,134</u>
Revenue from Other Sources					
Donation				23,182	23,182
Miscellaneous	20,000		20,000	6,803	(13,197)
Total Revenue from Other Sources	<u>20,000</u>		<u>20,000</u>	<u>29,985</u>	<u>9,985</u>
TOTAL REVENUES	<u>\$ 4,133,573</u>	<u>\$ 63,547</u>	<u>\$ 4,197,120</u>	<u>\$ 4,550,239</u>	<u>\$ 353,119</u>
EXPENDITURES:					
CURRENT EXPENSES:					
Regular Programs - Instruction:					
Salaries of Teachers - Kindergarten	\$ 269,490		\$ 269,490	\$ 269,490	
Salaries of Teachers - Grades 1-5	1,346,510	9,232	1,355,742	1,342,168	13,574
Other Salaries for Instruction	20,000	(20,000)			
Regular Programs - Undistributed Instruction:					
Purchased Professional - Technical Services	135,000	28,377	163,377	163,377	
Other Purchased Services	20,000	35,213	55,213	54,871	342
General Supplies	120,000	18,411	138,411	135,416	2,995
Textbooks	40,000	57,487	97,487	16,356	81,131
Other Objects	10,000	(2,000)	8,000	370	7,630
TOTAL REGULAR PROGRAMS - INSTRUCTION	<u>\$ 1,961,000</u>	<u>\$ 126,720</u>	<u>\$ 2,087,720</u>	<u>\$ 1,982,048</u>	<u>\$ 105,672</u>

KNOWLEDGE A TO Z ACADEMY CHARTER SCHOOL, INC.
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(UNAUDITED)

	<u>Original</u> <u>Budget</u>	<u>Budget</u> <u>Transfers</u>	<u>Final</u> <u>Budget</u>	<u>Expenditures</u>	<u>Variance</u> <u>Final to Actual</u> <u>Favorable/</u> <u>(Unfavorable)</u>
EXPENDITURES: (Continued)					
CURRENT EXPENSES: (Continued)					
UNDISTRIBUTED EXPENDITURES:					
Support Services/General Administration:					
Salaries - Administration	\$ 185,200	\$ 44,706	\$ 229,906	\$ 195,300	\$ 34,606
Salaries of Secretarial/Clerical Assistants	54,000	(54,000)			
Legal Services					
Audit Fees		10,790	10,790	10,790	
Benefit Costs	566,500	(566,500)			
Purchased Professional/Tech Serv	91,600	(91,600)			
Other Purchased Professional Services	17,000	63,810	80,810	77,326	3,484
Communications/Telephone	30,000	7,124	37,124	35,431	1,693
Other Purchased Services	50,000	(2,555)	47,445	45,981	1,464
General Supplies		59,431	59,431	29,990	29,441
Miscellaneous Expenditures	10,000		10,000	3,982	6,018
Total Support Services/General Administration	\$ 1,004,300	\$ (528,794)	\$ 475,506	\$ 398,800	\$ 76,706
Support Services/School Administration:					
Salaries of Secretarial and Clerical Assistants	\$ 129,800	\$ (27,500)	\$ 102,300	\$ 77,904	\$ 24,396
Purchased Professional - Technical Services	65,000	5,000	70,000	68,553	1,447
Other Purchased Services	21,500	72,500	94,000	92,819	1,181
Rental of Land and Buildings	542,560	38,458	581,018	542,560	38,458
Contracted Services (Home/School) - Vendors		10,000	10,000	1,470	8,530
Transportation - Other than to/from school	10,000	(10,000)			
Other Objects	10,000		10,000	315	9,685
Supplies & Materials	50,000	43,000	93,000	72,645	20,355
Insurance	48,800	18,358	67,158	61,727	5,431
Energy (Electricity)	140,000	(32,158)	107,842	86,297	21,545
Total Support Services/School Administration:	1,017,660	117,658	1,135,318	1,004,290	131,028
Unallocated Benefits:					
Other Retirement Contributions - PERS		3,000	3,000	351	2,649
Unemployment Compensation		51,211	51,211	48,816	2,395
Health Benefits		543,245	543,245	478,173	65,072
Total Unallocated Benefits		597,456	597,456	527,340	70,116

KNOWLEDGE A TO Z ACADEMY CHARTER SCHOOL, INC.
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Expenditures</u>	<u>Variance Final to Actual Favorable/ (Unfavorable)</u>
EXPENDITURES: (Continued)					
CURRENT EXPENSES: (Continued)					
On-behalf TPAF Pension Contributions (Non-budgeted) \$	\$		\$	\$ 8,255	\$ (8,255)
On-behalf TPAF Post Retirement Medical Insurance (Non-budgeted)				13,105	(13,105)
Reimb.TPAF Social Security Contrib. (Non-budgeted)				130,656	(130,656)
Total Undistributed Expenditures	<u>2,021,960</u>	<u>186,320</u>	<u>2,208,280</u>	<u>2,082,446</u>	<u>125,834</u>
TOTAL EXPENDITURES - CURRENT EXPENSE	<u>3,982,960</u>	<u>313,040</u>	<u>4,296,000</u>	<u>4,064,494</u>	<u>231,506</u>
Facilities Acquisition and Construction Services					
Buildings Other than Lease Purchase Agreements		175,000	175,000		175,000
Total Facilities Acquisition & Construction Services					
Capital Outlay					
Increase in Capital Reserve		208,211	208,211		208,211
Total Capital Outlay		208,211	208,211		208,211
TOTAL EXPENDITURES	<u>3,982,960</u>	<u>696,251</u>	<u>4,679,211</u>	<u>4,064,494</u>	<u>614,717</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	150,613	(632,704)	(482,091)	485,745	967,836
Other Financing Sources (Uses):					
Transfer to Food Service Fund				(12,998)	(12,998)
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	150,613	(632,704)	(482,091)	472,747	954,838
Fund Balances, July 1	529,563		529,563	529,563	
Fund Balances, June 30	\$ 680,176	\$ (632,704)	\$ 47,472	\$ 1,002,310	\$ 954,838
RECAPITULATION :					
Reserved:					
Escrow Account				\$ 75,000	
Capital Reserve				457,598	
Assigned to:					
Year-End Encumbrances				150,919	
Unreserved:					
Unrestricted Fund Balance				318,793	
TOTAL				<u>\$ 1,002,310</u>	

KNOWLEDGE A TO Z ACADEMY CHARTER SCHOOL, INC.
BUDGETARY COMPARISON SCHEDULE
SPECIAL REVENUE FUND
AS OF JUNE 30, 2015
(UNAUDITED)

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
REVENUES:					
Federal Sources	\$ 311,203	\$ 184,132	\$ 495,335	\$ 445,269	\$ (50,066)
Local Sources					
Total Revenues	<u>311,203</u>	<u>184,132</u>	<u>495,335</u>	<u>445,269</u>	<u>(50,066)</u>
EXPENDITURES:					
Instruction					
Salaries	208,470	37,323	245,793	244,547	(1,246)
Purchased Prof. & Technical Services					
Supplies & Materials	5,192	(175)	5,017	5,017	
Total Instruction	<u>213,662</u>	<u>37,148</u>	<u>250,810</u>	<u>249,564</u>	<u>(1,246)</u>
Support Services					
Employee Benefits	44,601	6,984	51,585	33,620	(17,965)
Purchased Professional & Technical Services - Other	52,940	115,000	167,940	137,085	(30,855)
Other Purchased Services		25,000	25,000	25,000	
Total Support Services	<u>97,541</u>	<u>146,984</u>	<u>244,525</u>	<u>195,705</u>	<u>(48,820)</u>
Facilities Acquisition and Construction Services:					
Equipment					
Total Facilities Acquisition and Construction Services					
Total Expenditures	<u>311,203</u>	<u>184,132</u>	<u>495,335</u>	<u>445,269</u>	<u>(50,066)</u>
Other Financing Sources (Uses)					
Total Outflows	<u>311,203</u>	<u>184,132</u>	<u>495,335</u>	<u>445,269</u>	<u>(50,066)</u>
Excess (Deficiency) of Revenues Over (Under)					
Expenditures and Other Financing Sources (Uses)	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
PART II

KNOWLEDGE A TO Z ACADEMY CHARTER SCHOOL, INC.
REQUIRED SUPPLEMENTARY INFORMATION
BUDGET-TO-GAAP RECONCILIATION
NOTE TO RSI
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(UNAUDITED)

Note A - Explanation of Differences between Budgetary Inflows and Outflows and GAAP Revenues and Expenditures

	General Fund	Special Revenue Fund
Sources/inflows of resources		
Actual amounts (budgetary basis) "revenue"		
from the budgetary comparison schedule	[C-1] \$ 4,550,239	[C-2] \$ 445,269
Difference - budget to GAAP:		
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.		
State aid payment recognized for budgetary purposes, not recognized for GAAP statements		
 Total Revenues as reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds.	[B-2] \$ 4,550,239	[B-2] \$ 445,269
 Uses/outflows of resources		
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	[C-1] \$ 4,064,494	[C-2] \$ 445,269
Differences - budget to GAAP		
Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for <i>budgetary</i> purposes, but in the year the supplies are received for <i>financial reporting</i> purposes.		
Transfers to and from other funds are presented as outflows of budgetary resources but are not expenditures for financial reporting purposes.		
Net transfers (outflows) to general fund		
 Total Expenditures as reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	[B-2] \$ 4,064,494	[B-2] \$ 445,269

REQUIRED SUPPLEMENTARY INFORMATION
PART III

SCHEDULE L-1

KNOWLEDGE A TO Z ACADEMY CHARTER SCHOOL, INC.

Schedules of Required Supplementary Information

**SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE
OF THE NET PENSION LIABILITY**

Public Employee's Retirement System

	<u>2014</u>
District's Proportion of the Net Pension Liability(Asset)	
District's Proportionate Share of the Net Pension Liability (Asset)	N/A
District's Covered-Employee Payroll	\$ 103,825
District's Proportionate Share of the Net Pension Liability (Asset) as a percentage of its covered-employee payroll	N/A
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	52.08%

Note: The amounts presented for each fiscal year were determined as of the calendar year-end that occurred within the fiscal year.

SCHEDULE L-2

KNOWLEDGE A TO Z ACADEMY CHARTER SCHOOL, INC.

SCHEDULE OF THE DISTRICT CONTRIBUTIONS

Public Employee's Retirement System (PERS)

	<u>2014</u>
Contractually Required Contribution	N/A
Contributions in Relation to the Contractually Required Contribution	
Contribution Deficiency (Excess)	<u>-</u>
District's Covered-Employee Payroll	\$ 103,825
Contributions as a Percentage of Covered-Employee Payroll	N/A

KNOWLEDGE A TO Z ACADEMY CHARTER SCHOOL, INC.

Schedules of Required Supplementary Information

SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE
OF THE NET PENSION LIABILITY

Teachers Pension Plan

	<u>2014</u>
District's Proportion of the Net Pension Liability(Asset)	N/A
District's Proportionate Share of the Net Pension Liability (Asset)	N/A
District's Covered-Employee Payroll	\$ 1,473,517
District's Proportionate Share of the Net Pension Liability (Asset) as a percentage of its covered-employee payroll	N/A
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	33.64%

Note: The amounts presented for each fiscal year were determined as of the calendar year-end that occurred within the fiscal year.

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
PART III

KNOWLEDGE A TO Z ACADEMY CHARTER, INC.

**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION PART III
Pension Schedules**

For the Fiscal Year Ended June 30, 2015

Teachers' Pension and Annuity Fund (TPAF)

Changes of benefit terms. The vesting and benefit provisions are set by N.J.S.A. 18A:66. TPAF provides retirement, death and disability benefits. All benefits vest after ten years of service, except for medical benefits, which vest after 25 years of service or under the disability provisions of TPAF. Members are always fully vested for their own contributions and, after three years of service credit, become vested for 2% of related interest earned on the contributions. In the case of death before retirement, members' beneficiaries are entitled to full interest credited to the members' accounts.

Change of assumptions. Mortality rates were based on the RP-2000 Health Annuitant Mortality Table for Males or Females, as appropriate, with adjustments for mortality improvements based on Scale AA. Pre-retirement mortality improvements for active members are projected using Scale AA from the base year 2000 until the valuation date plus 15 years to account for future mortality improvement. Post-retirement mortality improvements for non-disabled annuitants are projected using Scale AA from the base year of 2000 for males and 2003 for females until the valuation date plus 7 years to account for future mortality improvement.

Public Employees' Retirement System (PERS)

Changes of benefit terms. The vesting and benefit provisions are set by N.J.S.A. 43:15A. PERS provides retirement, death, and disability benefits. All benefits vest after ten years of service, except for medical benefits, which vest after 25 years of service or under the disability provisions of PERS.

Change of assumptions. Mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (setback 1 year for females) with adjustments for mortality improvements from the base year of 2012 Based on Projection Scale AA.

OTHER SUPPLEMENTARY INFORMATION

SPECIAL REVENUE FUND

The Special Revenue Fund is used to account for the proceeds of specific revenue sources (other than expendable trusts or major capital projects) that are legally restricted to expenditures for specific purposes.

KNOWLEDGE A TO Z ACADEMY CHARTER SCHOOL, INC.
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF PROGRAM REVENUES AND EXPENDITURES -
BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	NCLB Title I	NCLB Title II	IDEA Preschool	IDEA Basic	Charter Implementation Competitive	Totals	
						2015	2014
REVENUES:							
Federal Sources	\$ 283,184	\$ 1,378	\$ 1,323	\$ 50,239	\$ 109,145	\$ 445,269	\$ 379,995
Local Sources							7,500
Total Revenues	\$ 283,184	\$ 1,378	\$ 1,323	\$ 50,239	\$ 109,145	\$ 445,269	\$ 387,495
EXPENDITURES:							
Instruction:							
Salaries	\$ 244,547		\$	\$	\$	\$ 244,547	\$ 167,382
Purchased Prof. & Technical Services							12,000
Supplies & Materials	5,017					5,017	35,055
Total Instruction	249,564					249,564	214,437
Support Services:							
Employee Benefits	33,620					33,620	26,634
Purchased Prof. & Technical Services		1,378	1,323	50,239	84,145	137,085	59,619
Other Purchased Services					25,000	25,000	41,400
Supplies & Materials							
Total Support Services	33,620	1,378	1,323	50,239	109,145	195,705	127,653
Facilities Acquisitions & Const Serv:							
Property							45,405
Total Facilities Acquisition & Const Serv							45,405
Total Expenditures	\$ 283,184	\$ 1,378	\$ 1,323	\$ 50,239	\$ 109,145	\$ 445,269	\$ 387,495

PROPRIETARY FUND

Proprietary Funds are used to account for operations that are financed and operated in a manner similar to private business enterprises – where the intent of the district’s board is that the costs of providing goods or services be financed through user charges.

Food Services Fund – This fund provides for the operation of food services in the school.

Before and After Care Program – This fund provides for the supervision of students due to the extended day beyond the regular school hours.

THIS SECTION HAS ALREADY BEEN INCLUDED IN STATEMENTS B-4, B-5 AND B-6.

EXHIBIT G-1

KNOWLEDGE A TO Z ACADEMY CHARTER SCHOOL, INC.
FOOD SERVICES ENTERPRISE FUND
COMBINING SCHEDULE OF NET POSITION
AS OF JUNE 30, 2015
(WITH COMPARATIVE TOTALS FOR JUNE 30, 2014)

	Totals	
	2015	2014
ASSETS:		
Current Assets:		
Cash and Cash Equivalents	\$ 6,888	\$ 30,320
Accounts Receivable:		
State	802	454
Federal	56,161	24,489
Other		134
Intergovernmental Accounts Receivable		50
Interfund Accounts Receivable	16,002	3,004
Total Current Assets	<u>\$ 79,853</u>	<u>\$ 58,451</u>
LIABILITIES AND NET POSITION:		
Current Liabilities:		
Accounts Payable	\$	\$
Intergovernmental Accounts Payable	79,853	54,926
Total Current Liabilities	<u>79,853</u>	<u>54,926</u>
Net Position:		
Unrestricted Retained Earnings	-	3,525
Total Net Position	<u>-</u>	<u>3,525</u>
Total Liabilities and Net Position	<u>\$ 79,853</u>	<u>\$ 58,451</u>

KNOWLEDGE A TO Z ACADEMY CHARTER SCHOOL, INC.
FOOD SERVICES ENTERPRISE FUND
COMBINING SCHEDULE OF REVENUES, EXPENSES AND
CHANGES IN FUND NET POSITION
FOR THE FISCAL YEARS ENDED JUNE 30, 2015 AND 2014

	<u>Totals</u>	
	<u>2015</u>	<u>2014</u>
OPERATING REVENUES:		
Local Sources:		
Daily Sales - Reimbursable Programs:	\$ 440	\$ 6,836
Total Operating Revenue	<u>440</u>	<u>6,836</u>
OPERATING EXPENSES:		
Satellite Operation Cost	204,552	144,601
Other Food Costs	8,553	7,672
Miscellaneous	378	813
Total Operating Expenses	<u>213,483</u>	<u>153,086</u>
Operating Loss	<u>(213,043)</u>	<u>(146,250)</u>
Non-Operating Revenues:		
State Sources:		
State School Lunch Program	2,615	2,079
Federal Sources:		
School Breakfast Program	42,852	27,619
National School Lunch Program	123,168	101,796
National School Snack Program	19,332	10,609
Food Distribution Program	8,553	7,672
Total Non-Operating Revenues	<u>196,520</u>	<u>149,775</u>
Net Income before Operating Transfers	<u>(16,523)</u>	<u>3,525</u>
Transfer from General Fund	<u>12,998</u>	
Net Income	<u>(3,525)</u>	<u>3,525</u>
Net Position - July 1	<u>3,525</u>	
Net Position - June 30	<u>\$ -</u>	<u>\$ 3,525</u>

KNOWLEDGE A TO Z ACADEMY CHARTER SCHOOL, INC.
FOOD SERVICES ENTERPRISE FUND
COMBINING SCHEDULE OF CASH FLOWS
AS OF JUNE 30, 2015 AND 2014

	Food Service Fund	Totals	
		2015	2014
Cash Flows from Operating Activities:			
Receipts from Customers	\$ 440	\$ 440	\$ 6,836
Payments to Suppliers	(233,390)	(233,390)	(126,327)
Net Cash Used by Operating Activities	(232,950)	(232,950)	(119,491)
Cash Flows from Non-capital Financing Activities			
State and Federal Sources	196,520	196,520	149,775
Transfer from General Fund	12,998	12,998	
Net Cash Provided by Non-capital Financing Activities	209,518	209,518	149,775
Net Cash Provided by Investment Interest Activities			
Net Increase in Cash	(23,432)	(23,432)	30,284
Cash and Cash Equivalents, July 1	30,320	30,320	36
Cash and Cash Equivalents, June 30	\$ 6,888	\$ 6,888	\$ 30,320
Operating Income (Loss)	\$ (213,043)	\$ (213,043)	\$ (146,250)
Adjustments to Reconcile Operating Income (Loss) to Cash Used by Operating Activities:			
Change in Assets and Liabilities:			
Decrease/(Increase) in Accounts Receivable	(31,836)	(31,836)	(19,916)
Decrease/(Increase) in Interfund Accounts Receivable	(12,998)	(12,998)	
(Decrease)/Increase in Accounts Payable			(8,251)
(Decrease)/Increase in Intergovernmental Accounts Payable	24,927	24,927	54,926
Net Cash Used by Operating Activities	\$ (232,950)	\$ (232,950)	\$ (119,491)

FIDUCIARY FUNDS

Fiduciary Funds are used to account for funds received by the school district for a specific purpose.

Agency Funds are used to account for assets held by the school district as an agent for individuals, private organizations, other governments an/or other funds.

Student Activity Fund – This agency fund is used to account for student funds held at the schools.

Payroll Fund – This agency fund is used to account for the payroll transactions of the school.

KNOWLEDGE A TO Z ACADEMY CHARTER SCHOOL, INC.
COMBINING STATEMENT OF FIDUCIARY NET POSITION
JUNE 30, 2015
(WITH COMPARATIVE TOTALS FOR JUNE 30, 2014)

	Expendable			Total	
	Unemployment	Student		2015	2014
	Trust	Activities	Payroll		
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
ASSETS:					
Cash and Cash Equivalents	\$ 35,486	\$ 4,995	\$ 9,311	\$ 49,792	\$ 39,476
Due from General Fund		1,317		1,317	1,317
Total Assets	<u>\$ 35,486</u>	<u>\$ 6,312</u>	<u>\$ 9,311</u>	<u>\$ 51,109</u>	<u>\$ 40,793</u>
 LIABILITIES AND FUND BALANCES:					
Liabilities:					
Payroll Deductions and Withholdings	\$	\$	\$ 7,197	\$ 7,197	\$ 5,479
Due to Current Fund			2,114	2,114	
Due to Student Groups		6,312		6,312	2,863
Total Liabilities		<u>6,312</u>	<u>9,311</u>	<u>15,623</u>	<u>8,342</u>
Net Position:					
Unrestricted for Unemployment Claims	<u>35,486</u>			<u>35,486</u>	<u>32,451</u>
Total Liabilities and Net Position	<u>\$ 35,486</u>	<u>\$ 6,312</u>	<u>\$ 9,311</u>	<u>\$ 51,109</u>	<u>\$ 40,793</u>

KNOWLEDGE A TO Z ACADEMY CHARTER SCHOOL, INC.
COMBINING STATEMENT OF CHANGES
IN FIDUCIARY NET POSITION
FOR THE YEAR ENDED JUNE 30, 2015

		Expendable Trust Unemployment Funds
		<hr/>
OPERATING REVENUES:		
Employee Deduction	\$	3,035
Board Contribution		
		<hr/>
Total Revenues		3,035
		<hr/>
OPERATING EXPENSES:		
Unemployment Claims		
		<hr/>
Total Expenses		
		<hr/>
NONOPERATING REVENUES:		
Interest		
		<hr/>
Total Non-operating Revenues		
		<hr/>
Change in Net Position		3,035
Net Position Beginning of Year		32,451
		<hr/>
Net Position End of Year	\$	35,486
		<hr/> <hr/>

KNOWLEDGE A TO Z ACADEMY CHARTER SCHOOL, INC.
STUDENT ACTIVITY AGENCY FUND
SCHEDULE OF RECEIPTS AND DISBURSEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	<u>Balance</u> <u>July 1,</u> <u>2014</u>	<u>Cash</u> <u>Receipts</u>	<u>Cash</u> <u>Disbursements</u>	<u>Accounts</u> <u>Payable</u> <u>June 30,</u> <u>2015</u>	<u>Due From</u> <u>General</u> <u>Fund</u>	<u>Balance</u> <u>June 30,</u> <u>2015</u>
Student Activity Fund	\$ 2,863	\$ 21,785	\$ 18,336	\$	\$	\$ 6,312

KNOWLEDGE A TO Z ACADEMY CHARTER SCHOOL, INC.
PAYROLL AGENCY FUND
SCHEDULE OF RECEIPTS AND DISBURSEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	<u>Balance</u> <u>July 1, 2014</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2015</u>
ASSETS:				
Cash and Cash Equivalents	\$ 5,479	\$ 2,358,503	\$ 2,354,671	\$ 9,311
Total Assets	<u>\$ 5,479</u>	<u>\$ 2,358,503</u>	<u>\$ 2,354,671</u>	<u>\$ 9,311</u>
LIABILITIES AND RESERVES:				
Payroll Deductions and Withholdings	\$ 5,479	\$ 2,356,389	\$ 2,354,671	\$ 7,197
Due to Current		2,114		2,114
Total Liabilities	<u>5,479</u>	<u>2,358,503</u>	<u>2,354,671</u>	<u>9,311</u>
Total Liabilities and Reserves	<u>\$ 5,479</u>	<u>\$ 2,358,503</u>	<u>\$ 2,354,671</u>	<u>\$ 9,311</u>

STATISTICAL SECTION

KNOWLEDGE A TO Z ACADEMY CHARTER SCHOOL, INC.
NET POSITION BY COMPONENT
THREE FISCAL YEARS
(Accrual Basis of Accounting)
(UNAUDITED)

	<u>2015</u>	<u>2014</u>	<u>2013</u>
Governmental Activities			
Restricted	\$ 532,598	\$ 232,598	\$ 175,000
Assigned Year - end Encumbrances	-	91,483	
Unrestricted	469,712	205,482	170,592
Total Governmental Activities Net Position	<u>\$ 1,002,310</u>	<u>\$ 529,563</u>	<u>\$ 345,592</u>
Business-Type Activities			
Invested in Capital Assets, Net of Related Debt	\$	\$	\$
Unrestricted		3,525	
Total Business-Type Activities Net Position	<u>\$</u>	<u>\$ 3,525</u>	<u>\$</u>
District-Wide			
Restricted:			
Escrow Account	\$ 75,000	\$ 75,000	\$ 75,000
Capital Reserve	457,598	157,598	100,000
Assigned		91,483	
Unrestricted	469,712	209,007	170,592
Total District-Wide Net Position	<u>\$ 1,002,310</u>	<u>\$ 533,088</u>	<u>\$ 345,592</u>

Source: CAFR Schedule A-1

KNOWLEDGE A TO Z ACADEMY CHARTER SCHOOL, INC.
CHANGES IN NET POSITION
THREE FISCAL YEARS
(Accrual Basis of Accounting)
(UNAUDITED)

	<u>2013</u>	<u>2014</u>	<u>2015</u>
Expenses			
Governmental Activities			
Instruction	\$ 1,233,007	\$ 1,853,044	\$ 2,231,612
Support Services			
School Administrative Services	353,426	480,141	594,505
General Administrative Services	847,953	794,137	1,004,290
Employee Benefits		454,811	679,356
Total Governmental Activities Expenses	<u>2,434,386</u>	<u>3,582,133</u>	<u>4,509,763</u>
Business-Type Activities			
Food Service	109,315	153,086	213,483
Total Business-Type Activities Expense	<u>109,315</u>	<u>153,086</u>	<u>213,483</u>
Total District Expenses	<u>\$ 2,543,701</u>	<u>\$ 3,735,219</u>	<u>\$ 4,723,246</u>
Program Revenues			
Governmental Activities			
Operating Grants and Contributions	\$ 154,756	\$ 353,545	\$ 1,116,370
Total Governmental Activities Program Revenues	<u>154,756</u>	<u>353,545</u>	<u>1,116,370</u>
Business-Type Activities			
Charges for Services			
Food Service	4,404	6,836	440
Operating Grants and Contributions	102,342	149,775	196,520
Total Business-Type Activities Program Revenues	<u>106,746</u>	<u>156,611</u>	<u>196,960</u>
Total District Program Revenues	<u>\$ 261,502</u>	<u>\$ 510,156</u>	<u>\$ 1,313,330</u>
Net (Expense)/Revenue			
Governmental Activities	\$ (2,279,630)	\$ (3,228,588)	\$ (3,393,393)
Business-Type Activities	(2,569)	3,525	(16,523)
Total District-Wide Net Expense	<u>\$ (2,282,199)</u>	<u>\$ (3,225,063)</u>	<u>\$ (3,409,916)</u>
General Revenues and Other Changes in Net Position			
Governmental Activities			
Property Taxes Levied for General Purposes, net	\$ 98,269	\$ 166,512	\$ 255,496
Unrestricted Grants and Contributions	2,499,743	3,191,454	3,593,657
Miscellaneous Income	30,782	54,593	29,985
Transfers	(3,572)		(12,998)
Total Governmental Activities	<u>2,625,222</u>	<u>3,412,559</u>	<u>3,866,140</u>
Business-Type Activities			
Transfer	2,569		12,998
Total Business-Type Activities	<u>2,569</u>		<u>12,998</u>
Total District-Wide	<u>\$ 2,627,791</u>	<u>\$ 3,412,559</u>	<u>\$ 3,879,138</u>
Change in Net Position			
Governmental Activities	\$ 345,592	\$ 183,971	\$ 472,747
Business-Type Activities		3,525	(3,525)
Total District-Wide	<u>\$ 345,592</u>	<u>\$ 187,496</u>	<u>\$ 469,222</u>

Source: CAFR Schedule A-2

KNOWLEDGE A TO Z ACADEMY CHARTER SCHOOL, INC.
FUND BALANCES-GOVERNMENTAL FUNDS
THREE FISCAL YEARS
(Modified Accrual Basis of Accounting)
(UNAUDITED)

	<u>2013</u>	<u>2014</u>	<u>2015</u>
General Fund			
Restricted	\$	\$	\$
Escrow Account	75,000	75,000	75,000
Capital Reserve	100,000	157,598	457,598
Assigned			
Encumbrances	44,522		150,919
Subsequent Year's Expenditures		91,483	
Unassigned	126,070	205,482	318,793
Total General Fund	<u>\$ 345,592</u>	<u>\$ 529,563</u>	<u>\$ 1,002,310</u>
All Other Governmental Funds			
Restricted	\$	\$	\$
Unrestricted, Reported in:			
Special Revenue Fund			
Total All Other Governmental Funds	<u>\$</u>	<u>\$</u>	<u>\$</u>

Source: CAFR Schedule B-1

KNOWLEDGE A TO Z ACADEMY CHARTER SCHOOL, INC.
CHANGES IN FUND BALANCES-GOVERNMENTAL FUNDS
THREE FISCAL YEARS
(UNAUDITED)

	<u>2013</u>	<u>2014</u>	<u>2015</u>
Revenues			
Tax Levy	\$ 98,269	\$ 166,512	\$ 255,496
Miscellaneous	30,782	54,593	29,985
State Sources	2,499,743	3,191,454	4,264,758
Federal Sources	154,756	353,545	445,269
Total Revenues	<u>2,783,550</u>	<u>3,766,104</u>	<u>4,995,508</u>
Expenditures			
Instruction			
Regular Instruction	1,233,007	1,853,044	2,231,612
Support Services			
School Administrative Services	353,426	480,141	594,505
General Administrative Services	847,953	794,137	1,004,290
Employee Benefits		454,811	679,356
Total Expenditures	<u>2,434,386</u>	<u>3,582,133</u>	<u>4,509,763</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>349,164</u>	<u>183,971</u>	<u>485,745</u>
Other Financing Sources (Uses)			
Capital Lease (Non-budgeted) Transfers	<u>(3,572)</u>		<u>(12,998)</u>
Total Other Financing Sources (Uses)	<u>(3,572)</u>		<u>(12,998)</u>
Net Change in Fund Balances	<u>\$ 345,592</u>	<u>\$ 183,971</u>	<u>\$ 472,747</u>
Debt Service as a Percentage of Noncapital Expenditures	<u>0.0%</u>	<u>0.0%</u>	<u>0.0%</u>

Source: CAFR Schedule B-2

KNOWLEDGE A TO Z ACADEMY CHARTER SCHOOL, INC.
GENERAL FUND OTHER LOCAL REVENUE BY SOURCE
THREE FISCAL YEARS
(UNAUDITED)

Fiscal Year Ended June 30,		Donation		Prior Year P.O. Adjustment		Misc.		Total
2015	\$	23,182	\$	4,803		2,000	\$	29,985
2014		31,950		14,888		7,755		54,593
2013		30,782						30,782

Source: District Records

KNOWLEDGE A TO Z ACADEMY CHARTER SCHOOL, INC.
DEMOGRAPHIC AND ECONOMIC STATISTICS**
THREE FISCAL YEARS
(UNAUDITED)

<u>Year</u>	<u>Population</u> ^a	<u>Personal Income (thousands of dollars)</u> ^b	<u>Per Capita Personal Income</u> ^c	<u>Unemployment Rate</u> ^d
2015 *	77,712	\$ 3,582,756,336	\$ 46,103	12.7%
2014	77,332	3,555,106,704	45,972	16.1%
2013	76,783	3,497,004,952	45,544	16.0%

** The above demographics reflect the entire City of Camden.

The students of The KATZ Academy Charter School represents approximately 1.5% of the total number of students in the City of Camden.

* Estimate

Source:

^a Population information provided by the NJ Dept of Labor and Workforce Development

^b Personal income

^c Per Capita (County vs. Municipal information)

^d Unemployment data provided by the NJ Dept of Labor and Workforce Development

KNOWLEDGE A TO Z ACADEMY CHARTER SCHOOL, INC.
FULL-TIME EQUIVALENT DISTRICT EMPLOYEES
BY FUNCTION/PROGRAM
THREE FISCAL YEARS
(UNAUDITED)

<u>Function/Program</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Instruction			
Regular	17	39	42
Special education	2	4	6
Support Services:			
Student & instruction related services			
General administrative services	3	3	3
School administrative services	1	1	1
Total	<u>23</u>	<u>47</u>	<u>52</u>

Source: District Personnel Records

KNOWLEDGE A TO Z ACADEMY CHARTER SCHOOL, INC.
OPERATING STATISTICS
THREE FISCAL YEARS
(UNAUDITED)

<u>Fiscal Year</u>	<u>Enrollment</u>	<u>Operating Expenditures^a</u>	<u>Cost Per Pupil</u>	<u>Teaching Staff</u>	<u>Pupil/Teacher Ratio Elem.</u>	<u>Average Daily Enrollment (ADE)^c</u>	<u>Average Daily Attendance (ADA)^c</u>	<u>% Change in Average Daily Enrollment</u>	<u>Student Attendance Percentage</u>
2015	316	\$ 4,509,763	\$ 14,271	48	15:1	318.04	303.96	33.31%	95.57%
2014	239	3,582,133	14,988	48	15:1	238.58	227.16	24.26%	95.21%
2013	195	2,341,840	12,009	19	15:1	192	169	NA	88.02%

Sources: District records, ASSA and Schedule J-14

Note: Enrollment based on annual October district count.

- a Operating expenditures equal total expenditures less debt service and capital outlay; Schedule J-1
- b Teaching staff includes only full-time equivalents of certificated staff.
- c Average daily enrollment and average daily attendance are obtained from the School Register Summary (SRS)

KNOWLEDGE A TO Z ACADEMY CHARTER SCHOOL, INC.
SCHOOL BUILDING INFORMATION
THREE FISCAL YEARS
(UNAUDITED)

	<u>2013</u>	<u>2014</u>	<u>2015</u>
<u>District Building</u>			
<u>Elementary</u>			
Parkside			
Square Feet	33,066	33,066	33,066
Capacity (students)	334	334	334
Enrollment	135	149	160
Rosedale			
Square Feet	12,800	12,800	12,800
Capacity (students)	500	500	500
Enrollment	60	90	160
<u>Other</u>	N/A		

Number of Schools at June 30, 2015
Elementary = 2

Source: District records, ASSA

Note: Year of original construction is shown in parentheses. Increases in square footage and capacity are the result of any additions. Enrollment is based on the annual October district count.

KNOWLEDGE A TO Z ACADEMY CHARTER SCHOOL, INC.
INSURANCE SCHEDULE
JUNE 30, 2015
(UNAUDITED)

Company	Type of Coverage July 1, 2014 - June 30, 2015:	Coverage	Deductible
NJSBAIG	Commercial Policy		
	Property - Blanket Building & Personal Property	\$ 280,600	\$ 5,000
	Comprehensive General Liability		
	Products and Completed Operations	16,000,000	
	Personal Advertising Injury	16,000,000	
	Bodily Injury & Property Damage	16,000,000	
	Commercial Inland Marine Section		
	Blanket Computer Hardware and Software	40,000	1,000
	Boiler and Machinery	100,000,000	1,000
	Employee Dishonesty Coverage	100,000	1,000
	Business Auto	16,000,000	1,000
	School District Legal Liability Policy	16,000,000	5,000
	Workman's Compensation:		
	Bodily Injury from Accident	2,000,000	
	Bodily Injury from Disease/Aggregate Limit	2,000,000	
	Bodily Injury from Disease/ Each Employee	2,000,000	
	Student Accident Policies		
Berkley Ins. Co.	Compulsory Student Accident Coverage	1,000,000	
Markel Ins. Co.	Catastrophic Student Accident Coverage	50,000,000	
	Catastrophic Cash Benefit - Maximum Benefit	500,000	25,000
	Surety Bonds		
NJSIG	Treasurer	250,000	
Ohio Casualty	Business Administrator	50,000	

KNOWLEDGE A TO Z ACADEMY CHARTER SCHOOL, INC.
FINANCIAL PERFORMANCE - FISCAL RATIOS
JUNE 30, 2015
(UNAUDITED)

	2013	2014	2015	Source
Cash	\$ 354,209	\$ 644,246	\$ 825,654	Audit: Exhibit A-1
Current Assets	441,555	879,623	1,145,463	Audit: Exhibit A-1
Total Assets	441,555	879,623	1,145,463	Audit: Exhibit A-1
Current Liabilities	95,963	346,535	143,153	Audit: Exhibit A-1
Total Liabilities	95,963	346,535	143,153	Audit: Exhibit A-1
Net Position	\$ 345,592	\$ 533,088	\$ 1,002,310	Audit: Exhibit A-1
Total Revenue	2,889,293	3,922,715	5,192,468	Audit: Exhibit A-2
Total Expenses	2,543,701	3,735,219	4,723,246	Audit: Exhibit A-2
Change in Net Position	\$ 345,592	\$ 187,496	\$ 469,222	Audit: Exhibit A-2
Depreciation Expense	N/A	N/A	N/A	Financial Statements/ Audit Workpapers
Interest Expense	N/A	N/A	N/A	Financial Statements/ Audit Workpapers
Principal Payments	N/A	N/A	N/A	Financial Statements/ Audit Workpapers
Interest Payments	N/A	N/A	N/A	Financial Statements/ Audit Workpapers
Final Average Daily Enrollment	192	192	192	DOE Enrollment Reports
March 30th Budgeted Enrollment	195	195	195	Charter School Budget
	2013	2014	2015	Source
Near Term Indicators				
Current Ratio	0.91	2.54	8.00	Current Assets/ Current Liabilities
Unrestricted Days Cash	50.83	62.95	63.80	Cash/ (Total Expenses/365)
Enrollment Variance	98%	98%	98%	Average Daily Enrollment / Budgeted Enrollment
Default	N/A	N/A	N/A	Audit
Sustainability Indicators				
Total Margin	12%	5%	9%	Change in Net Position/ Total Revenue
Debt to Asset	0.22	0.39	0.12	Total Liabilities/ Total Assets
Cash Flow	N/A	N/A	N/A	Net change in cash flow from prior years
Debt Service Coverage Ratio	N/A	N/A	N/A	<u>(Change in Net Position+Interest Expense)</u> (Principal & Interest Payments)

SINGLE AUDIT SECTION

NIGHTLINGER, COLAVITA & VOLPA

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November 27, 2015

**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH GOVERNMENT AUDITING STANDARDS**

INDEPENDENT AUDITOR'S REPORT

The Members of the Board of Trustees
Knowledge A to Z Academy Charter School, Inc.
County of Camden
1725 Park Blvd
Camden, NJ 08103

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Board of Trustees of the Knowledge A to Z Academy Charter School, Inc., in the County of Camden, State of New Jersey, as of and for the fiscal year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the Board of Trustees of the Knowledge A to Z Academy Charter School, Inc.'s basic financial statements and have issued our report thereon dated November 27, 2015.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Knowledge A to Z Academy Charter School, Inc. Board of Trustee's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Knowledge A to Z Academy Charter School, Inc. Board of Trustee's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Knowledge A to Z Academy Charter School, Inc. Board of Trustee's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Knowledge A to Z Academy Charter School, Inc's, Board of Trustees' financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instance of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

This report is intended solely for the information and use of management, Knowledge A to Z Academy Charter School, Inc. Board of Trustees, the New Jersey Department of Education and other state and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than those specified parties. However, this report is a matter of public record and its distribution is not limited.

Respectfully submitted,

NIGHTLINGER, COLAVITA & VOLPA, PA



Raymond Colavita, CPA, RMA
Licensed Public School Accountant
No. 915

NIGHTLINGER, COLAVITA & VOLPA

A Professional Association

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November 27, 2015

**REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM; REPORT ON
INTERNAL CONTROL OVER COMPLIANCE; AND REPORT ON
SCHEDULE OF EXPENDITURES REQUIRED BY OMB CIRCULAR A-133
AND NEW JERSEY OMB CIRCULAR 04-04 AND 15-08**

INDEPENDENT AUDITOR'S REPORT

The Members of the Board of Trustees
Knowledge A to Z Academy Charter School, Inc.
County of Camden
1725 Park Blvd
Camden, NJ 08103

Report on Compliance for Each Major Program

We have audited the Board of Trustees of Knowledge A to Z Academy Charter School, Inc., in the County of Camden, State of New Jersey, compliance with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* and in the *New Jersey OMB Circular 04-04 the New Jersey State Aid/Grant Compliance Supplement* that are applicable to each of its major federal and state programs for the fiscal year ended June 30, 2015. Knowledge A to Z Academy Charter School, Inc., Board of Trustees major federal and state programs is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major state programs is the responsibility of Knowledge A to Z Academy Charter School, Inc., Board of Trustees' management.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance of each of the Knowledge A to Z Academy Charter School, Inc.'s federal and state compliance based on our audit of the types of compliance requirements referred above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey; OMB Circular A-133 *Audits of States, Local Governments, and Non-Profit Organizations*; and New Jersey's OMB's 04-04 and 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Those standards and OMB Circular A-133 and New Jersey OMB's Circular 04-04 and 15-08, require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major state program occurred. An audit includes examining, on a test basis, evidence about Knowledge A to Z Academy Charter School, Inc. Board of Trustees compliance with those requirements and performing such other procedures, as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal and state program. Our audit does not provide a legal determination of Knowledge A to Z Academy Charter School, Inc., Board of Trustees compliance with those requirements

Opinion on Each Major Program

In our opinion, the Board of Trustees of Knowledge A to Z Academy Charter School, Inc. in the County of Camden, State of New Jersey, complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal and state programs for the fiscal year ended June 30, 2015.

Report on Internal Control Over Compliance

Management of the Board of Trustees of Knowledge A to Z Academy Charter School, Inc. is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts and grants applicable to state programs. In planning and performing our audit, we considered Knowledge A to Z Academy Charter School, Inc. Board of Trustees' internal control over compliance with requirements that could have a direct and material effect on a major state program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133 and New Jersey OMB Circular 04-04 and 15-08, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Knowledge A to Z Academy Charter School, Inc. Board of Trustees' internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be significant deficiencies.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a state program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance; such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a state program will not be prevented or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance with a type of compliance requirement of a major program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. We did note one instance of deficiency in internal control over compliance that we consider to be significant and have reported to the Knowledge A to Z Academy Charter School, Inc. Board of Trustees' in the separate *Auditors' Management Report on Administrative Findings-Financial, Compliance and Performance* dated November 27, 2015, labeled Finding 2015-1.

Knowledge A to Z Academy Charter School, Inc. Board of Trustees' response to the internal control over compliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. Knowledge A to Z Academy Charter School, Inc. Board of Trustees' response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133 and New Jersey OMB's Circular 04-04 and 15-08.

This report is intended solely for the information and use of the audit committee, management, Knowledge A to Z Academy Charter School, Inc. Board of Trustees, the New Jersey State Department of Education, and other state awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited.

Respectfully submitted,

NIGHTLINGER, COLAVITA & VOLPA, PA



Raymond Colavita, CPA, RMA
Licensed Public School Accountant
No. 915

KNOWLEDGE A TO Z ACADEMY CHARTER SCHOOL, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (SCHEDULE A)
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

Federal Grantor/Pass-Through Grantor/ Grantor/ Program Title	Federal CFDA Number	Grant or State Project Number	Program or Award Amount	Grant Period		Balance at June 30, 2014	Cash Received	Budgetary Expend- itures	Adjustment	Balance at June 30, 2015		
				From	To					(Accounts Receivable)	Unearned Revenue	Due to Grantor
U.S. Department of Agriculture												
Passed-through State Department of Education:												
Enterprise Fund:												
National School Lunch Program	10.555	N/A	\$ 123,168	7/1/14to	6/30/15	\$	85,595	\$ (123,168)		\$ (37,573)	\$	
National School Lunch Program	10.555	N/A	101,796	7/1/13to	6/30/14	(17,602)	17,602					
National School Snack Program	10.555	N/A	19,332	7/1/14to	6/30/15		14,084	(19,332)		(5,248)		
National School Snack Program	10.555	N/A	10,609	7/1/13to	6/30/14	(2,088)	2,088					
Food Distribution Program	10.565	N/A	8,553	7/1/14to	6/30/15		8,553	(8,553)				
School Breakfast Program	10.553	N/A	42,852	7/1/14to	6/30/15		29,512	(42,852)		(13,340)		
School Breakfast Program	10.553	N/A	27,619	7/1/13to	6/30/14	(4,799)	4,799					
Total Enterprise Fund:						(24,489)	162,233	(193,905)		(56,161)		
U.S. Department of Education												
Passed-through State Department of Education:												
Special Revenue Fund:												
Title I, Part A	84.010A	NCLB-6083-15	258,263	7/1/14to	6/30/15		170,644	(283,184)		(112,540)		
Title I, Part A	84.010A	NCLB-6083-14	253,863	7/1/13to	6/30/14	(60,744)	60,744					
Title II Part A	84.367A	NCLB-6083-15	1,378	7/1/14to	6/30/15		1,378	(1,378)				
IDEA - Part B, Basic Regular	84.027	IDEA-6083-15	50,239	7/1/14to	6/30/15		50,239	(50,239)				
IDEA - Preschool	84.173	IDEA-6083-15	1,378	7/1/14to	6/30/15		1,323	(1,323)				
IDEA - Preschool	84.173	IDEA-6083-14	1,248	7/1/13to	6/30/14	(1,248)	1,248					
Charter Implementation Competitive	84.282	900199	100,000	11/1/14to	10/31/15			(109,145)		(109,145)		
Charter Implementation Competitive	84.282	900199	174,990	11/1/13to	10/31/14	(118,645)	92,145		4	(26,496)		
						(180,637)	377,721	(445,269)	4	(248,181)		
Total Federal Financial Assistance						\$ (205,126)	\$ 539,954	\$ (639,174)	\$ 4	\$ (304,342)	\$	\$

The accompanying Notes to the Financial statements and Notes to the Schedules of Expenditures of Federal Awards and State Financial Assistance are an integral part of this schedule.

KNOWLEDGE A TO Z ACADEMY CHARTER SCHOOL, INC.
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE (SCHEDULE B)
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

State Grantor/Program Title	Grant or State Project Number	Program or Award Amount	Grant Period From To	Balance at June 30, 2014			Adjustments/Repayment of Prior Years' Balances	Balance at June 30, 2015		
				Unearned Revenue (Accts. Rec.)	Cash Received	Budgetary Expenditures		(Accounts Receivable)	Unearned Revenue/ Interfund Payable	Due to Grantor
State Department of Education										
General Fund										
Equalization Aid	15-495-034-5120-078	\$3,914,309	7/1/14 to 6/30/15	\$	3,913,441	\$ (3,914,309)	\$ (2,765)	\$ (3,633)	\$	
Equalization Aid	14-495-034-5120-078	2,900,664	7/1/13 to 6/30/14	(3,880)	3,880					
Special Education	15-495-034-5120-089	55,896	7/1/14 to 6/30/15		65,546	(55,896)				9,650
Security Aid	15-495-034-5120-084	142,537	7/1/14 to 6/30/15		149,594	(142,537)	(53)			7,004
Security Aid	14-495-034-5120-084	100,396	7/1/13 to 6/30/14	(651)	651					
Reimbursed TPAF Social Security Contributions	15-495-034-5095-003	130,656	7/1/14 to 6/30/15		129,937	(130,656)		(719)		
Reimbursed TPAF Social Security Contributions	14-495-034-5095-003	146,452	7/1/13 to 6/30/14	(600)	600					
Total General Fund				(5,131)	4,263,649	(4,243,398)	(2,818)	(4,352)		16,654
State Department of Agriculture										
Enterprise Fund - State Share:										
National School Lunch Program	15-100-010-3350-023	2,615	7/1/14 to 6/30/15		1,813	(2,615)		(802)		
National School Lunch Program	14-100-010-3350-023	2,079	7/1/13 to 6/30/14	(454)	454					
				(454)	2,267	(2,615)		(802)		
Total State Financial Assistance Subject to OMB 04-04/15-08				\$ (5,585)	\$ 4,265,916	\$ (4,246,013)	\$ (2,818)	\$ (5,154)		\$ 16,654
On Behalf TPAF Contributions Not Subject to OMB 04-04/15-08										
On-Behalf TPAF Post Retirement Medical	15-495-034-5095-001	13,105	7/1/14 to 6/30/15		\$ 13,105	\$ (13,105)				
On-Behalf TPAF Pension Contribution	15-495-034-5095-006	8,255	7/1/14 to 6/30/15		8,255	(8,255)				
Total State Financial Assistance					\$ 4,287,276	\$ (4,267,373)				

The accompanying Notes to the Financial statements and Notes to the Schedules of Expenditures of Federal Awards and State Financial Assistance are an integral part of this schedule.

KNOWLEDGE A TO Z ACADEMY CHARTER SCHOOL, INC.
NOTES TO THE SCHEDULES OF AWARDS
AND FINANCIAL ASSISTANCE
JUNE 30, 2015

NOTE 1: GENERAL

The accompanying schedules of expenditures of awards and financial assistance present the activity of all federal and state award programs of the Board of Trustees, Knowledge A to Z Academy Charter School, Inc. The board of trustees is defined in Note 1 to the Board's basic financial statements. All federal and state awards received directly from federal and state agencies, as well as federal awards and state financial assistance passed through other government agencies are included on the schedules of expenditures of federal awards and state financial assistance.

NOTE 2: BASIS OF ACCOUNTING

The accompanying schedules of expenditures of federal awards and state financial assistance are presented using the budgetary basis of accounting with the exception of programs recorded in the food service fund, which are presented using the accrual basis of accounting. These bases of accounting are described in Note 2 to the Board's basic financial statements. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

NOTE 3: RELATIONSHIP TO BASIC FINANCIAL STATEMENTS

The basic financial statements present the general fund and special revenue fund on a GAAP basis. Budgetary comparison statements or schedules (RSI) are presented for the general fund and special revenue fund to demonstrate finance related legal compliance in which certain revenue is permitted by law or grant agreement to be recognized in the audit year, whereas for GAAP reporting, revenue is not recognized until the subsequent year or expenditures have been made (GASB 34).

The general fund is presented in the accompanying schedules on a modified accrual basis. The special revenue fund is presented in the accompanying schedules on the grant accounting basis, which recognizes encumbrances as expenditures and also recognizes the related revenues, whereas the GAAP basis does not.

There was no net adjustment to reconcile from the budgetary basis to the GAAP basis for the special revenue fund. See Note 1 for a reconciliation of the budgetary basis to the GAAP basis of accounting for the general and special revenue fund. Awards and financial assistance revenues are reported in the Board's basic financial statements on a GAAP basis as follows:

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund	\$	\$ 4,264,758	\$ 4,264,758
Special Revenue Fund	445,269		445,269
Food Service Fund	<u>193,905</u>	<u>2,615</u>	<u>196,520</u>
Total Awards & Financial Assistance	\$ <u>639,174</u>	\$ <u>4,267,373</u>	\$ <u>4,906,547</u>

KNOWLEDGE A TO Z ACADEMY CHARTER SCHOOL, INC.
NOTES TO THE SCHEDULES OF AWARDS
AND FINANCIAL ASSISTANCE
JUNE 30, 2015

NOTE 4: RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

Amounts reported in the accompanying schedules agree with the amounts reported in the related federal and state financial reports.

NOTE 5: FEDERAL AND STATE LOANS OUTSTANDING

Knowledge A to Z Academy Charter School, Inc. had no outstanding loans at June 30, 2015.

NOTE 6: OTHER

Revenues and expenditures reported under the Food Distribution Program represent current year value received and current year distributions respectively. The amount reported, if any, as TPAF Pension Contributions represents the amount paid by the state on behalf of the Charter School for the year ended June 30, 2015. TPAF Social Security Contributions represent the amount reimbursed by the state for the employer's share of social security contributions for TPAF members for the year ended June 30, 2015.

Enrollment of District employees in the TPAF system was completed in the 2014-15 school year.

NOTE 7: TARGETED PROGRAM FUNDS

As the District's Federal Programs are on a targeted student group basis, there are no targeted programs in the District.

KNOWLEDGE A TO Z ACADEMY CHARTER SCHOOL, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

1) Material weakness (es) identified? _____ yes X no

2) Significant deficiencies identified that are not considered to be material weaknesses? _____ yes X none reported

Noncompliance material to basic financial statements noted? _____ yes X no

Federal Awards

Internal control over major programs:

1) Material weakness (es) identified? _____ yes X no

2) Significant deficiencies identified that are not considered to be material weaknesses? X yes _____ none reported

Type of auditor's report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with section .510(a) of Circular A-133? X yes _____ no

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
84.010A	Title I A
84.282	Charter School Implementation Competitive

Dollar threshold used to distinguish between type A and type B programs: \$300,000

Auditee qualified as low-risk auditee? X yes _____ no

KNOWLEDGE A TO Z ACADEMY CHARTER SCHOOL, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(continued)

Section I - Summary of Auditor's Results (continued)

State Awards

Dollar threshold used to distinguish between type A and type B programs: \$ 300,000.00

Auditee qualified as low-risk auditee? X yes no

Internal control over major programs:

1) Material weakness (es) identified? yes X no

2) Significant deficiencies identified that are not considered to be material weaknesses? yes X none reported

Type of auditor's report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with NJOMB Circular Letter 04-04 and/or 15-08 yes X no

Identification of major programs:

<u>GMIS Number(s)</u>	<u>Name of State Program</u>
15-495-034-5120-078	Equalization Aid
15-495-034-5120-089	Special Education
15-495-034-5120-084	Security Aid

KNOWLEDGE A TO Z ACADEMY CHARTER SCHOOL, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(continued)

Section II - Financial Statement Findings

This section identifies the significant deficiencies, material weakness and instances of noncompliance related to the financial statements that are required to be reported in accordance with Government Auditing Standards and with audit requirements as prescribed by the Division of Administration and Finance, Department of Education, State of New Jersey.

Finding: NONE

Criteria or specific requirement:

Condition:

Questioned Costs:

Context:

Effect:

Cause:

Recommendation:

Management's response:

**KNOWLEDGE A TO Z ACADEMY CHARTER SCHOOL, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(continued)**

**Section III - Federal Awards and State Financial Assistance
Findings and Questioned Costs**

FEDERAL AWARDS

Finding: 2015-1

Information on the federal program:
NCLB - Title I (84.010A)

Criteria or specific requirement:

Proper internal control dictates that detail in the various records should be sufficiently analyzed and adjusted, in order to provide the necessary information for accurate financial statements.

Condition:

The General Ledger in the Special Revenue Fund was not sufficiently analyzed in order to adjust the accounts receivable for the Title I program.

Questioned Costs:

None.

Context:

Accounts receivable were not properly reflected in the District's General Ledger at June 30, 2015.

Effect:

Adjustments were required to be made as part of the audit and reflected in the financial statements.

Cause:

Inadvertent oversight.

Recommendation:

As part of the year end close out procedures, an additional review of the Title I Federal award receivable should be conducted, in order to provide complete and accurate balances for reporting in the District's financial statements.

Management's response:

Management is aware of the necessary procedures to be updated and followed.

**KNOWLEDGE A TO Z ACADEMY CHARTER SCHOOL, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(continued)**

**Section III - Federal Awards and State Financial Assistance
Findings and Questioned Costs**

STATE AWARDS

Finding: NONE

Information on the state program:

Criteria or specific requirement:

Condition:

Questioned Costs:

Effect:

Cause:

Recommendation:

Management's response:

**KNOWLEDGE A TO Z ACADEMY CHARTER SCHOOL, INC.
SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS
FOR THE YEAR ENDED JUNE 30, 2015
(continued)**

This section identifies the status of prior - year findings related to the basic financial statements and Federal and State awards that are required to be reported in accordance with Chapter 6.12 Government Auditing Standards, US OMB Circular A-133 (Section .315 (a) (b)) and New Jersey OMB's Circular 04-04 and/or 15-08.

STATUS OF PRIOR - YEAR FINDINGS

There were no prior year findings.